

AGENDA

EAST ORANGE COUNTY WATER DISTRICT
(EOCWD)

Thursday, August 16, 2012

5:00 p.m.

1. **Call Meeting to Order and Pledge of Allegiance – President VanderWerff**
2. **Public Communications to the Board**
3. **Addition of Items Arising After Posting of Agenda Requiring Immediate Action**
(Requires 2/3 vote or unanimous vote if less than 2/3 of members are present)
4. **General Manager's Report (Exhibit "A")**

Recommended Motion: "THAT THE GENERAL MANAGER'S REPORT BE RECEIVED AND FILED"

5. **Approval of Minutes of July 19, 2012 Meeting (Exhibit "B")**
6. **Operation, Management and Construction Matters**
 - A. Water demand status report (Exhibit "C")

7. **Financial Matters**

- A. Approval of schedules of disbursements (Exhibit "D")

Recommended Motion: "THAT THE SCHEDULES OF DISBURSEMENTS BE APPROVED"

- B. Report on investments/ ratification of investment activity (Exhibit "E")

Recommended Motion: "THAT THE SCHEDULES OF INVESTMENTS BE RATIFIED AND APPROVED"

- C. Receipt and filing of financial statements (Interim June 30) – (Exhibit "F")

Recommended Motion: "THAT THE FINANCIAL STATEMENTS BE RECEIVED AND FILED"

- D. Uncollectible retail accounts (Exhibit "G")

Recommended Motion: "THAT THE WRITEOFF OF UNCOLLECTIBLE RETAIL ACCOUNTS AND COLLECTION IN ACCORDANCE WITH ADOPTED PROCEDURES BE AUTHORIZED"

8. Miscellaneous Matters

- A. Response to Grand Jury Report "Transparency Breaking Up Compensation Fog – But Why Hide Pension Costs?" (Exhibit "H")

Recommended Motion: "[PROVIDE COMMENTS AND DIRECTION TO STAFF ON RESPONSE]"

- B. Reports from committees and representatives to organizations
- C. Directors' reports on meetings attended

9. Informational Items

10. Adjournment

The scheduled date of the next Regular Meeting of the Board of Directors is **August 16, 2012**, at 5:00 p.m., in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California.

Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the East Orange County Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board are available for public inspection in the District's office, 185 N. McPherson Road, Orange, California ("District Office"). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available at the reception desk of the District Office during business hours at the same time as they are distributed to the Board members, except that if such writings are distributed less than one hour prior to, or during, the meeting, they will be available in the meeting room of the District Office.

Disability-related accommodations: The East Orange County Water District Board of Directors meeting room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.) please contact Denise Dobson in the District Office at (714) 538-5815 during business hours at least seventy-two (72) hours prior

to the scheduled meeting. This agenda can be obtained in alternative format upon written request to Denise Dobson in the District Office, at least seventy-two (72) hours prior to the scheduled meeting.

End

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF
EAST ORANGE COUNTY WATER DISTRICT

June 21, 2012

1. **Call to Order.** A Regular Meeting of the Board of Directors of the East Orange County Water District was called to order by WILLIAM VANDERWERFF, President of the Board of Directors, at 5:05 p.m. on Thursday, June 21, 2012, in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California. JOAN ARNESON, Secretary, recorded the minutes of the meeting.

The following Directors were present: RICHARD BARRETT, RICHARD BELL, DOUGLAS CHAPMAN, JOHN DULEBOHN and WILLIAM VANDERWERFF.

Also present were:

LISA OHLUND	General Manager
JERRY MENDZER	Maintenance & Operations Superintendent
JOAN ARNESON	District Secretary and Legal Counsel
DAVE WOLFE	District Resident
JOSE DIAZ	City of Orange

2. **Public Communications to the Board.** DAVE WOLFE, a resident of View Ridge Drive, discussed the concern which has been raised by the District with regard to possible slope movement in the vicinity of the District's pipeline in View Ridge. He reviewed some historical background information about the road put together by the residents, findings of a geologist they had retained and photographs. He said the County has collected storm flow at the upper end of the road and directed it via a v-ditch down the road to Miriam Place. He also noted that their geologist had found that in the valve enclosure in the vicinity of the leaning wall, there was moist sediment built up and covering the valve. Mr. WOLFE said that in the spirit of cooperation and to put the matter behind us, the neighbors are planning to have a contractor replace the leaning wall with a lower wall, and patch and complete their biennial slurry coating of the road, and concurrently would like the District to consider sealing or moving the valve. The Board members discussed looking into the feasibility of options for the valve that might be coordinated with the neighbors' work. They thanked Mr. WOLFE for coming to the meeting.

3. **Items Arising After Posting of Agenda.** None.

4. **General Manager's Report.** Director BARRETT asked about how the Peters Canyon Reservoir roof corrosion would be addressed and the status of the treatment plant evaluation. Ms. OHLUND responded that a preliminary inspection of the reservoir had been made and staff was awaiting a written report from the consultant. With regard to the treatment plant, she said she was conducting some preliminary research at committee's direction to see if there may be feasible avenues that could be further studied, for increasing reliability and cost savings for the benefit of the wholesale system.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the General Manager's Report was received and filed.

5. **Minutes.**

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the minutes of the meeting of May 17, 2012, were approved as submitted.

6. **Operation, Management and Construction Matters.**

A. **AlertOC 2012/2013 Extension.** Ms. OHLUND recommended the one-year, no cost extension of the District's participation in the AlertOC program.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the "MOU Between the County of Orange and Participants For Use Of Countywide Mass Notification System" (extending term of participation for the period July 1, 2012 to June 30, 2013) was approved and the General Manager was authorized to execute the MOU on behalf of the District.

B. **Wholesale Meter Replacement Program.** Ms. OHLUND said that to help eliminate the source of unaccounted for water, she would recommend that the remaining 9 propeller meters be replaced with magnetic flow meters. She presented bids for McCrometer Ultra Mag meters, which would be installed by staff.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, a contract for replacement meters was awarded to Golden Meter Services on its proposal submitted in the amount of \$38,597.13.

C. Part-Time Office Assistant Position. Ms. OHLUND recommended extension of the position through the next fiscal year.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the continuation of the Part-Time Office Assistant position for the period from July 1, 2012 through June 30, 2013, at an estimated cost of \$12,700, was approved.

D. Water Demand Status Report. Ms. OHLUND said demand is expected to rise this summer, but not as high as it has been historically.

7. Financial Matters.

A. Schedule of Disbursements. Schedules of disbursements in the following amounts were presented: \$356,630.18 from Wholesale and Retail Operating Funds, \$0 from the Chapman Avenue Account, \$3,372.56 for directors' payroll, and \$38,706.80 for employees' payroll. On behalf of the Finance Committee, Director CHAPMAN recommended approval.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the schedules of disbursements were approved as submitted.

B. Investment Activity. On behalf of the Finance Committee, Director CHAPMAN recommended approval of the investment schedules.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the schedules of investments were ratified and approved.

C. Financial Statements (April 30). On behalf of the Finance Committee, Director CHAPMAN recommended receipt and filing of the financial statements.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the financial statements were received and filed.

D. Investment Management. Ms. OHLUND said she was continuing to address specific details in preparation for implementation of the Board's retention of Dewane Investment Strategies as directed by the Board, and expected to bring this to the next meeting for action.

E. 2012-13 Budgets. Ms. OHLUND reported that the budgets had been reviewed in detail by the Finance Committee. She made a PowerPoint presentation, summarizing the wholesale revenues and expenditures for operations and capital improvements. With the recent completion of the system model, she said the betterment and replacement project can go forward this year for both the wholesale and retail systems. She reviewed the retail operating revenues and expenditures, and the capital improvement budget. President VANDERWERFF suggested that the vehicle purchase amount be increased to cover a new vehicle, divided between the wholesale and retail budgets, and it was the consensus that this revision be made.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Resolution Nos. 703 and 704 were adopted, entitled: "Resolution of the Board of Directors of East Orange County Water District Adopting Operating Budget and Making Determination Relative To Appropriations Subject To Limitation For 2012/2013 Fiscal Year (Overall District);" and

"Resolution of the Board of Directors of East Orange County Water District Adopting Operating Budget and Making Determination Relative To Appropriations Subject To Limitation For 2012/2013 Fiscal Year (Retail Zone)."

F. Wholesale and Retail Rates. Ms. OHLUND noted that due to lower than expected water cost increases, the retail commodity rate was proposed to be increased to \$2.40 rather than the \$2.46 approved for 2012-2013 during last year's hearing process.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Resolution Nos. 705 and 706 were adopted, entitled: "Resolution of the Board of Directors of East Orange County Water District Establishing Rates For Sale of Water On A Wholesale Basis Within the District;" and

"Resolution of the Board of Directors of East Orange County Water District Adopting Changes To Rates For the Sale Of Water On A Retail Basis Within The District."

8. Miscellaneous Matters.

A. Tablet Computer Policy and Allowance. Demonstration tablet devices had been set up for the Board members during tonight's meeting to refer to the meeting agenda.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Resolution No. 707 was adopted, entitled "Resolution of the Board of Directors of the East Orange County Water District Adopting Policy On Use Of and Allowances For Tablet Computer Devices"

B. Annual Water Quality Report.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the annual water quality report was received and filed.

C. Response to Grand Jury Report, "Dragging Special Districts From the Shadows." Ms. OHLUND said she and President VANDERWERFF had attended a presentation at the ISDOC meeting on the grand jury process. Director BARRETT commended President VANDERWERFF and Ms. OHLUND on the draft response, and suggested Ms. OHLUND request someone to read it from an outside perspective.

D. June 2012 Customer Newsletter. Ms. OHLUND distributed a revised draft. Suggestions were made for the notification of the retail rate increase with an amount lower than the increase previously authorized.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the General Manager was authorized and directed to distribute the newsletter as revised.

E. Reports from Committees and Representatives to Organizations. None.

F. Directors' Reports on Meetings Attended. None.

9. **Informational Items.** None. President VANDERWERFF invited Mr. DIAZ to introduce himself, and Mr. DIAZ provided his background and experience prior to his recently joining the Water Department for the City of Orange.

10. **Closed Sessions.** President VANDERWERFF announced that the Board would meet in the following closed session as listed in the agenda: (A) conference with legal counsel – anticipated litigation – significant exposure to litigation (Government Code Section 54956.9(b)) (one potential case).

OPEN SESSION

Open session was resumed. No action was reported from the closed session.

11. **Adjournment.**

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 7:40 p.m., the next regular meeting date and time being Thursday, July 19, 2012,

at 5:00 p.m., to be held in the Offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California.

Respectfully submitted,



Joan C. Arneson

End

EAST ORANGE COUNTY WATER DISTRICT GENERAL MANAGER'S REPORT

August 2012

The following report is a summary of the District's activities over the past month.

GENERAL MATTERS

Reviewed correspondence, conferred with customers regarding billing issues and vendors/other interested parties regarding business with the District, and met with staff members regarding daily activities and on-going projects.

WHOLESALE ZONE

1) Peters Canyon (6 MG) Reservoir Status Update

Staff met with Rick Brady of Brady & Associates for a preliminary review of their work to assess the current condition of the Peters Canyon (6 MG) Reservoir Roof including the cause of the numerous small holes that have developed in the aluminum roof. Their investigation includes looking at the 1996 Santa Ana Wind Event that damaged the roof, examination of the interior of the reservoir (joists, beams, columns, side walls, vents, liner, etc.), perform a leakage test, examine the underdrains, assess its compliance with current codes, investigate methods for mitigating excess wind damage and recommend short- and long-term improvements. This work has been completed and they are prepared a draft report for our review – a report will be presented to the Board in September.

2) Stand-By Power – OC-70 Pump Station

Staff has been working with MWDOC Assistant General Manager Karl Seckel who has submitted a request to MET to allow EOCWD to install a transfer switch and provide temporary back-up power to this critical pump station. Mr. Seckel has indicated that he expects to have an answer back by August 20th.

RETAIL ZONE

1) System Reliability and Stand-by Power

Generator Services Company is scheduled to complete work on the McPherson Office switch/cable work by August 17th. Work on the Vista Panorama Pump Station transfer switch and the Side-Hill Booster Station transfer switch is expected to be completed by August 20th. The total cost for the installation of all electrical equipment and cables for the three sites is \$9,941.51.

2) Well Operations

The East and West Wells are being operated interchangeably as demand dictates.

3) System Leaks

At approximately 1:30 p.m. on August 2nd, after performing fire flow and pressure testing in support of calibrating the District's hydraulic model, a rupture occurred on the 8" mortar coated, mortar lined steel mainline located on Crawford Canyon Road just north of Brae Glen. Staff was able to isolate the mainline by closing 7 valves, affecting approximately 10 customers – the line was repaired and placed back into service by 10:00 p.m. that evening. Because of the severe pressure drop in other parts of the system during the initial break, staff collected bacteriological samples in the highest parts of the system – Panorama Crest, Villa Del Cerro, High Crest, and Holiday. Test results showed that all samples were absent for coliform.

Upon excavation, inspection revealed a 6"-long gash in the side of the pipeline – the mortar coating on the exterior was completely absent, while the interior coating was severely compromised; the steel had almost completely disintegrated. Staff observed some damage to the interior coating in another spot and theorized that the coating may have been damaged during manufacturing allowing water to get between the coating and the steel, leading to its eventual degradation. A 4-ft section of pipe that was removed and replaced; the damaged pipe will be available for viewing at the Board Meeting.

The location and timing of this leak was very fortuitous. The pipeline was located in a dirt area next to Crawford Canyon Road, so the 11" of asphalt on Crawford was undisturbed and no undermining or scouring below Crawford occurred. Further, a storm drain located near the leak drained the excess water, so no ponding occurred nor damage to nearby homes. This leak would also have been made much worse if the 10" PRV into Stollar hadn't been closed (the 6" was open) due to pressure testing for the hydraulic model. This incident is indicative of some residual problems that exist in the RZ: care was taken during testing not to surge or hammer the system; however the slight variations in pressure were enough to expose this problem.

4) Operational Activities

- Repaired service leak at 12852 Via Aventura
- Replaced angle meter stop at 12238 Circula Panorama
- Clean up at 11.5 MG reservoir site
- Repaired depth gauge at Newport reservoir
- Repaired solenoid valves at Newport Intertie
- Replaced Hewes vault meter with new magnetic flow meter
- Shop / Office yard clean up
- Prepared for flow testing at various locations
- Ran flow tests at 3 locations – Marcy Ranch Rd., Villa Del Cerro, and Baja Panorama
- Repaired mainline break on Crawford Canyon
- Work order – final read at 19301 Fairhaven
- Work order – turned off water at 13148 Old Foothill
- Work order – turned off water at 13162 Lemon Leaf
- Set door tags
- Marked underground service alert on Spring Street
- Met with contractors for pricing on transfer switches
- Met with Unified Physical Security to test equipment
- Set up security system enclosures with fans and vents
- Interviewed 2 potential candidates for temporary position
- Took GMs car in for repair and tune up

- Attended Managers Meeting at MWDOC (Superintendent)
- Attended ACWA JPIA 2-day training courses in Costa Mesa (Superintendent & Field Staff)
- Attended Competent Person Training Class for Trenching and Shoring (Superintendent)

Daily Tasks

- Attend daily staff meeting with General Manager (Superintendent only)
- Performed well rounds and reservoir rounds
- Performed general administrative, clerical and supervisory tasks
- Obtain price quotes for miscellaneous parts
- Picked up parts from various vendors, Home Depot
- Review incoming USA tickets to verify if there is a conflict.

Weekly Tasks

- Attend weekly safety meetings (All field staff)
- Performed weekly water quality sampling
- Measure static and pumping water levels in wells.
- Performed USA locations
- Responded to utility requests from the County and city of Orange
- Picked up water quality supplies and changed reagent bottles
- Cleanup, organize and restock service trucks
- Cleanup and organized shop
- Vehicle maintenance

Monthly Tasks

- Attend monthly staff meeting with General Manager (all employees)
- Attend committee meetings – Operations and Engineering (Superintendent)
- Prepared monthly CDPH water quality reports
- Prepared monthly CRWQCB report for well discharge
- Performed dead-end flushing
- Read WZ meters
- Check WZ meter data; assist with preparation of WZ Billing
- Delivered Board agenda packages
- Participated in WEROC radio test

MISCELLANEOUS ITEMS

1) Meetings

District Board Members and/or Staff attended the following meetings: July 17th Finance Committee Meeting; July 25th WZ Operations Meeting; July 25th MWDOC Water Policy Dinner; July 26th MWDOC Managers Meeting; August 6th LAFCO Shared Services Meeting; August 7th Operations, Planning & Personnel Committee Meeting; August 8th Groundwater Producers Meeting.

A. Finance Committee Meeting (July 17, 2012)

Meeting Summary: 1) Review of Revised RZ Rules & Regulations for Water Use – the Committee reviewed the 2nd draft of the revised rules and regulations and requested that a definition for the term “Major Violations” (Section 2.1) be included as well as a clarification that the customer has the right to operate the valve on their side of the meter or to remove the meter cover to read the meter (Section 2.3). The Committee also agreed to recommend that the District prohibit the downsizing of meters unless expressly authorized by the Board. The Committee will conduct a final review of the Rules and Regulations at their August meeting.

B. MWDOC Water Policy Dinner (July 25, 2012)

Meeting Summary: Steve Erie, University of California, San Diego Professor of Political Science and Director of Urban Studies and Planning, spoke regarding the San Diego County Water Authority’s water rate conflict and litigation with MET. His talk, “Understanding San Diego’s Quest for Water Independence from MWD” discussed MET/San Diego water history and the origins of the conflict with MWD. Professor Erie noted that the 1988-1992 drought caused San Diego to realize that Los Angeles’s superior water rights meant that they could no longer depend upon MET to supply water for existing development much less future growth, so they struck a water transfer deal with the Imperial Irrigation District. Erie contends that it was a poor deal for San Diego, with the water costing much more than MET water and is compounded by the cost of transporting it through MET pipelines to San Diego. In the lawsuit, San Diego is questioning the way MET calculates the transportation charge and contends that MET and the other agencies engaged in secretive meetings and price fixing.

C. Wholesale Zone Operations Meeting (July 25, 2012)

Staff met with the Retail Agencies on July 25th to review: 1) the July-August 2011 Water Quality issue that occurred at the Peters Canyon (6 MG) Reservoir and discuss lessons learned; 2) Loss of the San Onofre Nuclear Generating Station and possible power interruptions – staff notified the retail agencies that the OC-70 Pump Station could be affected by the loss of power because it doesn’t have any back-up power generation capabilities; MWDOC staff is requesting that MET allow EOCWD the ability to install a transfer switch and other equipment to allow a portable generator to provide back-up power; 3) IRWD and the City of Orange transitioning to Emergency Connections – staff noted that these changes involve removing these connections from the regular sampling program and that IRWD and Orange have agreed to maintain their fixed charges to support their emergency connections ; 4) Review of MET Charges & Allocations and efforts to minimize the peak capacity charge – staff discussed how the peak capacity charge is calculated and that the responsible agencies will be assessed the extra charges incurred for flows over 18 cfs; staff requested that agencies coordinate with District staff to mitigate the peaks; 5) Preliminary financial review of FY 2011/12 – staff noted the positive effect of having the agency invoices balance to the MWDOC bill; 6) Capital Improvements review for FY 2012/13 – the projects for the upcoming FY were reviewed; 7) Reminder to collect the 1978 Connection Fee Charge and; 8) Poseidon Desalination Project Update.

D. MWDOC Managers Meeting (July 26, 2012)

Meeting Summary: 1) Bay-Delta Update: Governor Brown's is supporting the Twin-Tunnel Plan – estimated 15,000 cfs (no one is sure what yield will be), estimated cost: \$40 Billion (\$19 Billion for tunnels, \$21 Billion for environmental mitigation, heavy opposition from environmental groups, EIR is underway, no identification of who will pay how much; 2) How Does Desalination Fit Into OC Reliability: MWDOC staff presented first in a series of information regarding the need for desal and noted that MET has not secured existing rights/allocations to State Project Water or Colorado River Project, they estimate that it will provide 10% of total demand and cost will not equal MET's rate until 2025; 3) San Diego Water Authority v. MET Lawsuit Summary: MWDOC staff updated agencies on current status: Filed August, 2010, currently in the pleading stage, filed originally as a rate case and has now been amended to include breach of fiduciary duty, expect suit to take 2-3 years to resolve, San Diego Mayor's race may play a major factor in the suit, potential cost to OC (over 20 years) \$150 Million; 4) Yorba Linda Wildfire Lawsuit: Steve Conklin of Yorba Linda reported that the case was settled with YLWD paying \$5 Million out of their pocket and ACWA JPIA paying \$5 Million, YLWD and ACWA decided to settle to avoid establishing a precedent – there were concerns that a long drawn-out suit would harm operations/staff, YLWD has also acquired backup pumps and generators since the fire.

E. LAFCO Shared Services Working Committee Meeting (August 6, 2012)

Meeting Summary: The working group met to discuss the potential for at least two agencies, (County of Orange and City of Costa Mesa) to provide fleet maintenance services to other agencies. LAFCO wants to further refine the process by developing a list of specific fleet services that agencies could "buy" or "sell" and the cost of those services/labor rates and, develop a sample services contract. Attendees provided concerns and questions such as: how work would be scheduled and prioritized (example: do police and fire come first and then everyone else?), availability of specialized services (heavy equipment servicing, standby generators) and, are quality control procedures established/how are complaints addressed, are mobile repair services available? The group will reconvene in September to review a draft contract.

F. Operations, Planning, & Personnel Committee Meeting (August 7, 2012)

Meeting Summary: 1) Grand Jury Report: a draft response was not ready for the meeting but will be included in the agenda for the Board at the August 16th Meeting (NOTE: at the time of this meeting, the Grand Jury letter advised that the response was not due back until October 12th, subsequently, staff was informed by the GJ that the response date given was erroneous and it was due back on September 12th); 2) Villa del Cerro: discussion was held regarding obtaining a skid mounted, engine-driven pump that IRWD is no longer using; 3) WZ Fixed Cost Recovery: the Committee discussed options for recovering fixed costs in view of the decreased sale of imported water; 4) Peters Canyon (6 MG) Roof Study: an outline of the draft findings and conclusions from the study was reviewed; 5) Security System Status: staff will be interviewing temporary personnel candidates on August 10th, plan to start work on August 20th; 6) Stand-by Power: bids for installation of transfer switches and cables were obtained from 4 electrical contractors, bids ranged from \$9,941.51 - \$20,300.00, Generator Services Co. was the low bidder; 7) Operations Status: an 8" mainline leak on Crawford Canyon occurred on August 2nd, calibration testing for the hydraulic model may have exacerbated deteriorated pipe; wells

are operational and being alternately used as water and power demands dictate efficiency.

Water Availability Request

No requests were received during this reporting period.

END



MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: **RESPONSE TO JUNE 7, 2012 ORANGE COUNTY GRAND JURY REPORT –
COMPENSATION TRANSPARENCY REPORTING**
DATE: AUGUST 10, 2012

Background

On June 7th, the Orange County Grand Jury released the second report they produced during the 2011-12 term, *“Transparency Breaking Up Compensation Fog – But Why Hide Pension Costs?”* A copy of the report is attached to this memo.

Also attached is a response drafted by staff; unfortunately, due to a mix-up with the due date for this report (the original letter from the Grand Jury listed October 12th as the due date, however, we recently confirmed that the actual due date is September 12th), the Operations Committee has not had an opportunity to review and comment upon it.

Recommendation

The Board review and comment upon the letter and provide staff with further direction as desired.

TRANSPARENCY BREAKING UP COMPENSATION FOG - *BUT WHY HIDE PENSION COSTS?*

*Compensation Cost Transparency for Orange County
Cities, Districts, Joint Power Authority and County Government*

*“This country prided itself on openness and yet, it wasn’t open. It’s still not open.
And all we’re trying to do is let people know how their money is being spent.”¹*

Brian Lamb, C-SPAN Founder & CEO

SUMMARY

The 2010 City of Bell compensation revelations² stimulated the public’s interest in local government compensation costs. The quest for more compensation transparency from local governments was intensified by the following factors:

- Financial and housing markets’ extensive downturns impacted governmental tax bases and fanned public anxieties;
- Public services came under financial strain throughout Orange County;
- Public awareness and dialogue increased about the financial impacts of government guaranteed pensions;
- Size of unfunded public sector pension liabilities generated concerns among both workers and taxpayers.

In 2012, new upcoming Government Accounting Standards Board (GASB) standards may be issued. They will spotlight the amounts of unfunded pension liabilities officially on local governments’ 2013 balance sheets. Press coverage will spark public dialogue about the ability to meet pension obligations to public sector employees.

Last year’s Orange County Grand Jury, the Orange County Register, State Legislature and State Controller, among others, suggested guidelines and requirements for local government compensation transparency. The 2010-2011 Orange County Grand Jury issued specific guidelines in 2011 to local governments for reporting compensation costs.

The 2011-2012 Grand Jury decided to follow up on the implementation status of the 2010-2011’s recommendations. The Grand Jury wanted to recognize the progress made in each Orange County city, special district, joint power authority and the County.

¹ NPR Interview of Brian Lamb, 3/21/2012, <http://www.npr.org/2012/03/21/149080047/after-34-years-with-c-span-brian-lamb-steps-down>

² Los Angeles Times, “*High Salaries Stir Outrage in Bell*” Spring 2010 series, <http://www.latimes.com/news/local/bell/>

The 2011-2012 Grand Jury assessed how well Orange County local governments reported compensation costs for all employee positions, in one easy-to-find, easy-to-read chart. Also reviewed was the top-level compensation cost chart for all elected officials and executives over \$100,000 in base salary, as recommended in 2011.

This study found that *compensation cost transparency is improving in Orange County* local governments. That is *a good trend, but much more improvement is needed*. In addition, this study found that with a few notable exceptions, *complete pension costs for employees are still hidden from public view*.

The 2011-2012 Grand Jury recommends that Orange County local governments *should upgrade their websites to provide complete cost transparency of precise salary and benefits at all levels, in an easy to read table format*.

The 2011-2012 Grand Jury recommends that *governmental costs for funding pensions for each employee should be brought out of the shadows and made transparent*. These costs should be reported by each Orange County government on its website as part of employee compensation cost reporting. The governmental annual costs of funding pensions are important and significant. For Orange County local governments, their *pension annual funding costs for employees on the current payroll range from:*

- *9% to 28% of salary for a general employee;*
- *20% to 48% of salary for a public safety employee.*

REASON FOR STUDY

Transparency is a hallmark of good government.

The United Nations defined transparency as one of the eight characteristics that the UN Economics and Social Commission use in its explanation of good governance.³ Transparency “means that information is freely available and directly accessible

It also means that enough information is provided and that it is provided in easily understandable forms and media.”⁴

Within a democracy, “Compensation Cost Transparency” (CCT) can provide the public with a check and balance mechanism for ensuring appropriate levels of government employee pay and benefits remuneration.

³ The other 7 characteristics are 1) Participation, 2) Rule of Law 3) Responsiveness 4) Consensus oriented 5) Equity & Inclusiveness 6) Effectiveness & efficiency and 7) Accountability

⁴ UN Economics and Social Commission, see page 3 of www.unescap.org/pdd/prs/ProjectActivities/Ongoing/gg/governance.asp

COMPENSATION COST TRANSPARENCY

Peter Finn, the Washington Post grand prize winner of the RFK Journalism Award, stated it well, when he said: “A basic tenet of a healthy democracy is open dialogue and transparency.”⁵ In California, the top elected financial official, John Chiang, California State Controller stated: “Holding public officials accountable for how they manage public dollars relies heavily on transparency.”⁶

Last year, the 2010-2011 Orange County Grand Jury reported:

- 1) On “. . . a disturbing level of inconsistency in the degree of transparency pertaining to OC Cities’ compensation information which was then provided to the public;”⁷
- 2) “That the degree of transparency then provided to the public by the County of Orange regarding compensation information was inadequate in its accessibility, content and clarity;”⁸ and
- 3) “Wide variations among the water and sanitation districts studied in the ability of the general public to obtain compensation, financial and meeting information. As a result, the Grand Jury recommended minimum standards for information on water and sanitation district websites.”⁹

The 2010-2011 Orange County Grand Jury recommended a model for use in reporting municipal and county compensation costs. Such information was recommended to be made readily accessible on the Internet websites of all Orange County cities and the county respectively, as soon as practical.

The 2010-2011 Orange County Grand Jury recommended that the Orange County water and sanitation districts provide compensation data for the board of directors and general manager, as well as current budget and financial reports. The data was recommended to be in an easily accessible format on each district’s website.

During that same fiscal year, and effective November 1, 2010, the California State Controller requested local governments to report salary and benefit information for all employees/positions. The content of the State Controller’s website posting of cash compensation by employee has a different focus than that of the Orange County Grand Jury. Some major benefit amounts paid by the local government are not requested by the state and no salary and benefit total is rendered.

⁵ Peter Finn, Washington Post, see <http://www.brainyquote.com/quotes/keywords/transparency.html>

⁶ John Chiang, California State Controller, December 12, 2011, see http://www.sco.ca.gov/eo_pressrel_11227.html

⁷ “Compensation Study of Orange County Cities,” 2010-2011 Orange County Grand Jury Final Report, Summary, p. 117, www.ocgrandjury.org/reports.asp

⁸ “County of Orange Compensation Disclosure,” 2010-2011 Orange County Grand Jury Final Report, Summary, p. 107, www.ocgrandjury.org/reports.asp

⁹ “Compensation of Orange County Water and Sanitation Districts,” 2010-2011 Orange County Grand Jury Final Report, Summary, p. 161, www.ocgrandjury.org/reports.asp

The 2010-2011 and 2011-2012 Grand Juries request disclosure of the government's costs of total compensation by employee/position. One example is the Grand Jury's inclusion of annual pension contributions by governments to honor future benefit promises to the employee, which the State currently excludes. In the future, Orange County local governments could be more efficient, if these two perspectives would merge to become one.

The 2011-2012 Orange County Grand Jury decided to do a follow-up study to recognize those Orange County governments that had embraced the full spirit of "Compensation Cost Transparency" (CCT) at the local level. The Grand Jury wanted to spotlight those who had not yet gone beyond the bare minimum requested by State Controller mandate. The compensation cost study should extend beyond just the water and sanitation districts to the Orange County joint power authorities and other Orange County special districts.

What is "Compensation Cost Transparency" (CCT)? It is instructive to compare "Compensation Cost Transparency" (CCT) to just "Compensation Transparency". CCT makes visible for all citizens and taxpayers the government's annual costs of an employee's salary and benefits. Compensation transparency focuses just on the current salaries and benefits received in the current year by the employee. The difference is often due to the government costs of funding future benefits, like pensions, or deferred compensation.

One example is the required funding of annual contributions to a pension investment pool. The government's contractual pension obligation is a future benefit for the employee. This compensation cost is not a current benefit for the employee. However, funding the future pension obligation is a current compensation cost for the government for employing that employee now. CCT provides a more complete view of the cost of employing an individual than does just compensation transparency. This report will use the acronym "CCT" to improve the readability of the text and flow of ideas for the reader.

METHODOLOGY

The 2011-2012 Orange County Grand Jury used the following process to assess CCT at the websites of Orange County cities, special districts, joint power authorities and county government. See Appendix E on the last 2 pages of this report for more detail.

- Reviewed:
 - Three 2010-11 Orange County Grand Jury compensation reports;
 - The 54 county, city and special districts responses.¹⁰

¹⁰ 54 responses from 53 entities as 2 responses (a majority & minority response) were received from Laguna Hills.

COMPENSATION COST TRANSPARENCY

- Discussed responses with selected local governments and followed up to obtain overdue responses;
- Expanded:
 - The study from 53 to 58 local governments, by including eight additional special districts and joint power authority and dropping three;
 - The study to include all employees;
 - The web assessment rating criteria to define objective and precise criteria.
- Corresponded with Orange County local governments to be studied;
- Reviewed, documented and assessed the transparency and the combined content and clarity of Orange County local governments' web site multiple times;
- Researched CalPERS and OCERS annual pension contribution rates required of Orange County local governments;
- Discussed with the California State Controller Office's Bureau of Local Government Policy & Reporting to understand their plans for issuing expanded local government compensation reporting requirements within the state;
- Compiled data, charts and assessments from documentation and web reviews;
- Analyzed the compiled facts and data to develop findings and recommendations to draft this study report.

FACTS

Fact – The County of Orange is the sixth most populous county in the United States and third most populous in the state of California. A population of 3.1 million persons resides within an area of almost 800 square miles. The County of Orange government has a budget of \$5.5 billion, of which only \$686 million is for general purpose discretionary revenue. The government of the County of Orange had 17,655 authorized employee positions in 2010-2011. That number is in addition to the employees in the other 57 local governments within Orange County that were studied.¹¹

Fact – The 34 incorporated cities in Orange County range in population from over 6 thousand in Villa Park to over 350 thousand each in Anaheim and Santa Ana.¹² All cities have elected city councils and an appointed city manager/CEO.

Fact – Seventeen water and/or sanitation districts are in Orange County, fifteen of which have web sites.¹³ At the lower end of the range, their revenues range from more than \$300 thousand for the Rossmoor/Los Alamitos Area Sewer District to more than \$900 thousand for the Sunset Beach Sanitary District. In the upper range of revenues are the:

¹¹ The facts in this paragraph were sourced from *2011 Facts & Figures*, County of Orange, 2011.

¹² *Ibid.*

¹³ Sunset Beach Sanitary District does not have a web site and the Rossmoor/Los Alamitos Area Sewer District recently chose to discontinue their web site due to new State legislation requirements.

COMPENSATION COST TRANSPARENCY

- Municipal Water District of Orange County (MWD of OC) with \$135 million;
- Orange County Water District (OCWD) with more than \$155 million;
- Irvine Ranch Water District (IRWD) with more than \$205 million;
- Orange County Sanitation District (OCSD) with \$600 million.

Fact – One Orange County transportation district included in this study has the following budget.

- Orange County Transit Authority (OCTA), with a budget of \$1.1 billion.

Fact – One joint power authority in Orange County included in this study has the following budget.

- Orange County Fire Authority (OCFA), with a budget of \$282 million (before the addition of Santa Ana);

Fact – Six non-enterprise special districts in Orange County with web sites were studied. Special districts are categorized as “enterprise districts” (those that sell products) or “non-enterprise districts” (those that only provide services).

The smallest, Silverado-Modjeska Recreation and Parks District, had revenues of \$93 thousand, while the others have revenues in the millions. The other five are the:

- Rossmoor Community Service District, with revenue of \$1.7 million;
- Buena Park Library District, with revenue of more than \$2 million;
- Placentia Library District, with revenue of more than \$2 million;
- Orange County Cemetery District, with revenue of \$3.7 million;
- Orange County Vector Control District, with revenue of \$10.3 million.

Fact - As of November 1, 2010, the California State Controller announced new requirements for California local government entities (city, county and independent special districts) to report their government salary and compensation data annually.

Results are at www.sco.ca.gov/compensation_search.html or <http://lgcr.sco.ca.gov/>.

The focus of the State mandated reporting system is on current compensation and is different from that recommended in this report or the 2010-2011 Orange County Jury compensation study reports. The latter focuses on the government’s total cost of employee compensation, including funding future benefits, like pensions.

Fact – Most, but not all, of the Orange County government entities described above participate in either the California Public Retirement System (CalPERS) or the Orange County Employees

COMPENSATION COST TRANSPARENCY

Retirement System (OCERS) for their employee's guaranteed pensions.¹⁴ Guaranteed pensions are called defined benefit plans (DBPs). DBPs guarantee the employee a specific pension upon retirement, regardless of agency financial conditions at the time of retirement.

These guaranteed pensions are funded by the respective governments through investment contributions to CalPERS or OCERS. CalPERS and OCERS invest the monies. When investment returns fall short of the amount needed, the government entity often needs to increase pension funding investment contributions. In the case of the cities and counties, the pension obligation is backed up by the taxpayer, and is a direct taxpayer obligation.

ANALYSIS

The local governments of Orange County, cities, special districts and joint power authorities have established and used their Internet web sites as an easy, efficient and effective way of communicating with the public. These website postings have provided a communications foundation to build transparency in government.

The 2010-2011 Orange County Grand Jury recommended that all cities and the county government in Orange County report their compensation information to the public on the Internet in an easily accessible manner.

A Compensation Disclosure Model was included in the 2010-2011 Grand Jury reports. That model provided sample items to be included in determining total compensation. For the county, the positions to be reported included all elected officials, plus department heads. For cities, the positions required to be reported included all elected officials, plus all employees earning a base salary rate over \$100,000 per year.

The county and a majority of the cities started displaying salaries and benefits for all positions on their web sites. However, the entire dollar salary and benefit information requested was not always displayed. Subsequently, the 2011-2012 Grand Jury concluded that the overtime and on-call pay items should be added to compensation reporting when extending the reporting to all employees (particularly for public safety employees).

A new "de facto" standard was established when most local Orange County cities' web sites began to show compensation in some fashion for all employee positions, not just the executive levels. This was done for full disclosure in light of the City of Bell compensation scandal, the Grand Jury recommendations and the California State Controller's new local government compensation reporting requirements.

¹⁴ El Toro Water District, among others, does not offer a Defined Benefit Plan, and some plans are not affiliated with CalPERS or OCERS.

COMPENSATION COST TRANSPARENCY

Likewise, the 2010-2011 Orange County Grand Jury recommended transparency guidelines to the water and sanitation districts. These districts were asked to provide data on compensation for the board of directors and general manager, as well as current budget and financial reports, in an easily accessible format on the district's website.

Special districts and joint power authority that had not been specifically studied by the Orange County Grand Jury had the opportunity to observe clearly what was evolving for local Orange County city governments. The State Controller's office was requiring compensation transparency, as well. Compensation cost transparency (CCT) for all employees was being recommended for Orange County local governments with displays on their websites.

The 2011-2012 Orange County Grand Jury assessed the CCT of Orange County local government websites in the following three categories for 2012:

1. **Accessibility** – Are transparent compensation costs readily identifiable from the home page, accessible without complex website search and layered navigations?
2. **Content & Clarity for Executive Compensation Page** – Are the components of both actual salary and all benefit costs presented? Are the components shown in detail, with a total compensation cost included in table form? Is the compensation information presented in a clear concise format that can be easily read and understood by the average viewer?
3. **Content & Clarity for Employee Compensation Page** – Are the components of both actual salary and all benefit costs presented? Are the components shown in detail, with a total compensation cost included in table form? Is the composition information presented in a clear, concise format that may be easily read and understood by the average viewer?

A summary assessment follows below and in detail on later pages in Table 1.

1. Compensation Cost Transparency (CCT) Accessibility

*To be rated **excellent** for CCT accessibility the primary link for compensation transparency needs to be easily found on the website's home page.*

Cities - The number of Orange County city web sites rated **excellent** for compensation transparency accessibility nearly doubled in number from thirteen cities in 2011 to twenty-five cities in 2012. The percentage of total Orange County cities rated excellent went from 38% in 2011 to 74% in 2012. Excellent commendable progress was achieved.

County - The county government web site is now rated **excellent** for CCT accessibility. This was a significant achievement for the more than 17,000 positions involved.

COMPENSATION COST TRANSPARENCY

Water & Sanitation Districts - Eleven of the fifteen Water and Sanitation Districts (73%) are now rated **excellent** for CCT accessibility. Excellent progress was achieved overall.

Non-enterprise Special Districts, Transportation Special District & Joint Power Authority (JPA)
– Five of these eight special districts and JPA (63%) were rated **excellent** for compensation accessibility.

2. Content & Clarity for the EXECUTIVE Compensation Cost Page

*To be rated **excellent** for CCT Content and Clarity on the **Executive Compensation Page** –Full total salary and benefits compensation cost disclosure is needed in table format, **including Defined Benefit Plan Pension Costs**.*

*To be rated **good** for CCT Content and Clarity on the **Executive Compensation Page** –Full total salary and benefits compensation cost disclosure is needed in table format, **but Defined Benefit Plan Pension Costs are not displayed**.*

Cities – In 2011, no cities were rated **excellent** for Content and Clarity. In contrast, in 2012, 14 cities were rated **excellent** for Content and Clarity for their **Executive Compensation Page** (41%). This is a good start, since another three were rated **good**, bringing the combined total rated **excellent** and **good** up to 17 out of 34, for a total of 50%.

County – The County government web site **Executive Compensation Page**, which was **nonexistent in 2010**, is rated **excellent** for Content & Clarity in 2012.

Water & Sanitation Districts – Only one of the 15 water & sanitation districts (7%) was rated **excellent** for Content & Clarity on their **Executive Compensation Page** in 2012.¹⁵ They were not rated at all last year. In 2011, they were just provided with broad recommendations and without a suggested chart format. Expectations are to see great improvement in this area over the next year. CCT is needed in these powerful and often overlooked districts.

Non-Enterprise Special Districts, Transportation Special District & Joint Power Authority (JPA)
– Only the two library special districts out of these eight special districts and JPA (25%) were rated **excellent** this year for Content & Clarity for their **Executive Compensation Page**. These special districts and JPAs were not studied for compensation transparency in 2011. Therefore, great improvement is expected next year.

3. Content & Clarity for the EMPLOYEE Compensation Cost Pages

*The rating scale descriptions for CCT Content and Clarity for the **EMPLOYEE Compensation Cost pages** were as follows:*

¹⁵ The only one rated excellent was Midway City Sanitary District.

COMPENSATION COST TRANSPARENCY

A - Excellent – Full total salary & benefits compensation cost disclosure is needed in a single table format, **including Defined Benefit Plan Pension Costs**.

B – Good – Full total salary & benefits compensation cost disclosure is needed in a single table format, **but Defined Benefit Plan Pension Costs were excluded**.

C - Average – Full total salary disclosure is shown, **but with just:**

- 1) general text Memorandum of Understanding (MOU) benefits; and/or
- 2) benefits scattered in multiple places; or
- 3) just benefit totals, and no details other than general text.

D - Poor - Salary is shown in **Minimum and Maximum Ranges** by Position or by Classification & Step levels, **and with just:**

- 1) general Textual MOU Benefits; and/or
- 2) benefits scattered in multiple places; or
- 3) benefits not shown in absolute dollars for a position.

F - Nonexistent – Salary & benefit information could not be readily found

Cities – Last year in 2011, no cities were rated **excellent** for **Employee** Content and Clarity, as the focus for improvement was on the **Executive** Compensation Page. In contrast in 2012, only five cities (15%) took the initiative to obtain an **excellent rating** for Content and Clarity for their **Employee** Compensation Page. While only one city's **Employee** Compensation Cost page is **nonexistent**, twenty-one of the thirty-four cities (62%) were rated **poor** for their **Employee** Compensation Cost page.

County – While the County has an **excellent Executive** Compensation Page, the County's **Employee** Compensation Page was rated **average** in 2012 for its more than 17,000 positions.

Water & Sanitation Districts - Only one of the fifteen water & sanitation districts (7%) was rated **excellent** for Content & Clarity on their **Employee** Compensation Page in 2012.¹⁶ They were not rated in 2011, but were provided with broad recommendations for their board's and general manager's CCT. However, taxpayers are starting to expect Orange County local governments to provide compensation information for all employees. Great improvement is expected in this area over the next year.

Non-enterprise Special Districts, Transportation Special Districts & Joint Power Authority (JPA) – Only three special districts out of these eight Special Districts and JPA (38%) were rated **excellent** this year for Content & Clarity for their **Employee** Compensation page. These special

¹⁶ The only one rated excellent was Midway City Sanitary District.

COMPENSATION COST TRANSPARENCY

districts and JPAs were not studied for Compensation Transparency last year and significant improvement is expected.

2012 Compensation Cost Transparency Assessment Ratings Chart

The 2012 Compensation Transparency Cost Assessment Ratings Chart for the County, and each individual Orange County city, water and sanitation district, non- enterprise special district and Joint Power Authority follows on the next pages as Table 1.

Each entity's web page has been graded on 3 Compensation Cost Transparency aspects, as defined earlier and shown below in column headings #2, 3 and 4. Table 1 columnar headings, most of which are self-explanatory or have been defined earlier, are as follows.

1. City/District/Joint Power Authority (*which also includes the County of Orange*)
2. Accessibility Grade (*for web site Access to CCT information*)
3. Executive Page Grade (*for content & clarity of CCT information*)
4. Employee Pages Grade (*for content & clarity of CCT information*)
5. Areas of Strength
6. Areas for Improvement
7. Web Update since March – *An opportunity for governmental entities who previewed this report in May, 2012 to present a summary of any CCT web site updates to the Grand Jury, made since the February/March of 2012 grades. Otherwise, the status of any updates can be described in the normal official response letters, after this report is issued.*

This year for 2012, the grading scale criteria were more objectively and precisely defined for clarity. These criteria are detailed on the first page of Table 1 that follows.

TABLE 1 – 2012 Compensation Cost Transparency Assessment Ratings Chart

Web Site Ratings Scale for Compensation Cost Transparency Grades

I. Accessibility Grades

A = EXCELLENT - *Primary link for Compensation Transparency on Home Page*

B = GOOD - *Secondary link on Human Resources/Finance Page*

C = AVERAGE - *Only Data access is link to the off-site State Controller's Page*

D = POOR - *Data buried in Budget or other Data*

F = NONEXISTENT - *No Compensation Data, just Text and No link on Web Site*

II. Content & Clarity Grades

A = EXCELLENT - *Full Disclosure, including Defined Benefit Plan Pension Costs*

B = GOOD - *Full Disclosure, but without Defined Benefit Plan Pension Costs*
B+ for Full Disclosure, but with Defined Benefit Pension (DBP) Costs on separate pages
or just the annual DBP funding percentage revealed with no amounts

C = AVERAGE - *Full Salary Disclosure, with just General Textual MOU* Benefits*
and/or Benefits scattered in multiple places,
or Benefit Totals, but no details other than General Text

D = POOR - *Salary Min/Max Ranges by Position or Classification & Step levels,*
with just General Textual MOU Benefits,*
and/or with Benefits scattered in multiple places,
or with Benefits not shown in absolute dollars for a position

F = NONEXISTENT - *No Salary or Benefit Data*

* MOU – Memorandum of Understanding

COMPENSATION COST TRANSPARENCY

TABLE 1 – 2012 Compensation Cost Transparency Assessment Ratings Chart

	<u>City/District/ Joint Power Authority</u>	<u>Access- ibility Grade</u>	<u>Exec. Page Grade</u>	<u>Employee Pages Grade</u>	<u>Areas of Strengths</u>	<u>Areas for Improvement</u>	<u>Web Updates since March per May Exit Interviews</u>
	<u>County</u>						
1	County of Orange	A	A	C	Excellent Executive Page & Excellent Accessibility	Employee Pages	UPDATE Note 1 - See end of table notes
	<u>Cities</u>						
1	Aliso Viejo	A	C	D	Excellent Accessibility	Employee Pages for Salaries and Benefits	<i>n/a - Did not attend May exit interview</i>
2	Anaheim	A	B	B	Excellent Accessibility	Employee Pages for Salaries and Benefits	
3	Brea	A	C	C	Excellent Accessibility		
4	Buena Park	A	A	A	Excellent in all ways		
5	Costa Mesa	A	A	A	Excellent in all ways		
6	Cypress	B	D	D		Both Executive and Employee Pages for Salaries and Benefits	
7	Dana Point	A	A	D	Excellent Executive Page	Employee Pages for Salaries and Benefits	
8	Fountain Valley	B	F	D		Both Executive and Employee Pages for Salaries and Benefits	<i>n/a - Did not attend May exit interview</i>
9	Fullerton	B	A	D		Employee Pages for Salaries and Benefits	
10	Garden Grove	A	C	D	Excellent Accessibility	Employee Pages for Salaries and Benefits	
11	Huntington Beach	B	F	B		Executive Page for Salaries and Benefits	
12	Irvine	A	A	D	Excellent Accessibility Excellent Exec. Page	Employee Pages for Salaries and Benefits	UPDATE Note 2 - See end of table notes
13	La Habra	A	A	F	Excellent Accessibility Excellent Exec. Page	Employee Pages needs Compensation Costs & Benefits	
14	La Palma	A	D	D	Excellent Accessibility	Both Executive and Employee Pages for Salaries and Benefits	UPDATE Note 3 - See end of table notes
15	Laguna Beach	A	D	D	Excellent Accessibility	Both Executive and Employee Pages for Salaries and Benefits	UPDATE Note 4 - See end of table notes
16	Laguna Hills	A	B+	D	Excellent Accessibility	Employee Pages for Salaries and Benefits Exec Page needs Pension Costs	
17	Laguna Niguel	B	D	D		Both Executive and Employee Pages for	<i>n/a - Did not attend May exit interview</i>

COMPENSATION COST TRANSPARENCY

	<u>City/District/ Joint Power Authority</u>	<u>Access- ibility Grade</u>	<u>Exec. Page Grade</u>	<u>Employee Pages Grade</u>	<u>Areas of Strengths</u>	<u>Salaries and Benefits</u> <u>Areas for Improvement</u>	<u>Web Updates since March per May Exit Interviews</u>
18	Laguna Woods	A	A	A	Excellent in all ways		<i>n/a - Did not attend May exit interview</i>
19	Lake Forest	A	C	D	Excellent Accessibility	Employee Pages for Salaries and Benefits	
20	Los Alamitos	B	C	D		Employee Pages for Salaries and Benefits	<i>n/a - Did not attend May exit interview</i>
21	Mission Viejo	A	D	D	Excellent Accessibility	Both Executive and Employee Pages for Salaries and Benefits	
22	Newport Beach	A	C	C	Excellent Accessibility		
23	Orange	A	C	D	Excellent Accessibility	Employee Pages for Salaries and Benefits	<i>n/a - Did not attend May exit interview</i>
24	Placentia	A	A	A	Excellent in all ways		
25	Rancho Santa Margarita	A	A	D	Excellent Accessibility Excellent Executive Page	Employee Pages for Salaries and Benefits	
26	San Clemente	A	A	D	Excellent Accessibility Excellent Executive Page	Employee Pages for Salaries and Benefits	
27	San Juan Capistrano	A	A	D	Excellent Accessibility Excellent Executive Page	Employee Pages for Salaries and Benefits	UPDATE Note 5 - See end of table notes
28	Santa Ana	B	B	D		Employee Pages for Salaries and Benefits	UPDATE Note 6 - See end of table notes
29	Seal Beach	B	A	D	Excellent Executive Page	Employee Pages for Salaries and Benefits	
30	Stanton	A	A	D	Excellent Accessibility Excellent Executive Page	Employee Pages for Salaries and Benefits	<i>n/a - Did not attend May exit interview</i>
31	Tustin	A	C	D	Excellent Accessibility	Employee Pages for Salaries and Benefits	
32	Villa Park	A	C	C	Excellent Accessibility		<i>n/a - Did not attend May exit interview</i>
33	Westminster	B	F	D		Both Executive and Employee Pages for Salaries and Benefits	<i>n/a - Did not attend May exit interview</i>
34	Yorba Linda	A	A	A	Excellent in all ways		

COMPENSATION COST TRANSPARENCY

	<u>City/District/ Joint Power Authority</u>	<u>Access- ibility Grade</u>	<u>Exec. Page Grade</u>	<u>Employee Pages Grade</u>	<u>Areas of Strengths</u>	<u>Areas for Improvement</u>	<u>Web Updates since March per May Exit Interviews</u>
	<i>Special Districts - Water and Sanitation</i>						
1	Costa Mesa Sanitary	A	B+	B+	Excellent Accessibility	Exact pensions are on separate list. Add exact pensions to chart and total	
2	East OC Water	A	C	C	Excellent Accessibility	Need chart w/ other pay, insurance, exact pension cost & total	<i>n/a - Did not attend May exit interview</i>
3	El Toro Water	A	C	F	Excellent Accessibility	Employee Page Chart needed for Salaries & Benefits	UPDATE Note 7 - See end of table notes
4	Irvine Ranch Water	A	D	D	Excellent Accessibility	Both Executive and Employee Pages for Salaries and Benefits	
5	Mesa Consolidated Water	A	D	D	Excellent Accessibility	Both Executive and Employee Pages for Salaries and Benefits	UPDATE Note 8 - See end of table notes
6	Midway City Sanitary	A	A	A	Excellent in all ways		
7	Moulton Niguel Water	A	D	D	Excellent Accessibility	Both Executive and Employee Pages for Salaries and Benefits	
8	Municipal Water Dist. of OC	D	D	D	Have listing on home page, but does not list information in an accessible format.	Both Executive and Employee Pages for Salaries and Benefits	
9	Orange County Sanitation	A	D	D	Excellent Accessibility	Both Executive and Employee Pages for Salaries and Benefits	UPDATE Note 9 - See end of table notes
10	Orange County Water	A	D	D	Excellent Accessibility	Both Executive and Employee Pages for Salaries and Benefits	UPDATE Note 10 See end of table notes
11	Santa Margarita Water	C	F	F		Both Executive and Employee Pages for Salaries and Benefits	<i>n/a - Did not attend May exit interview</i>
12	Serrano Water	A	B	B	Excellent Accessibility		
13	South Coast Water	A	D	D	Excellent Accessibility	Both Executive and Employee Pages for Salaries and Benefits	
14	Trabuco Canyon Water	C	D	D		Both Executive and Employee Pages for Salaries and Benefits	<i>n/a - Did not attend May exit interview</i>
15	Yorba Linda Water	B	D	D		Both Executive and Employee Pages for Salaries and Benefits	

COMPENSATION COST TRANSPARENCY

	<u>City/District/ Joint Power Authority</u>	<u>Access- ibility Grade</u>	<u>Exec. Page Grade</u>	<u>Employee Pages Grade</u>	<u>Areas of Strengths</u>	<u>Areas for Improvement</u>	<u>Web Updates since March per May Exit Interviews</u>
	<u>Special Districts - Non Enterprise</u>						
1	Buena Park Library	A	A	A	Excellent in all ways		
2	Orange County Cemetery	A	D	D	Excellent Accessibility	Both Executive and Employee Pages for Salaries and Benefits	UPDATE Note 11 See end of table notes
3	Orange Co. Vector Control	F	F	F		Accessibility, plus Both Executive and Employee Pages for Salaries and Benefits	<i>n/a - Did not attend May exit interview</i>
4	Placentia Library	A	A	A	Excellent in all ways		
5	Rossmoor Community Service	D	F	F		Accessibility, plus Both Executive and Employee Pages for Salaries and Benefits	<i>n/a - Did not attend May exit interview</i>
6	Silverado-Modjeska Recreation & Parks	A	N/A*	A	Excellent in all ways		<i>n/a - Did not attend May exit interview</i>
	<u>Special District - Transport</u>						
1	OCTA - Orange County Transportation Authority	A	B	B	Excellent Accessibility	Need to report Retirement Plan contribution amounts as a stand-alone item for full transparency, not bundled	
	<u>Joint Power Authority</u>						
1	OCFA - Orange County Fire Authority	B	D	D		Both Executive and Employee Pages for Salaries and Benefits	

Legend: * N/A = Not Applicable

COMPENSATION COST TRANSPARENCY

Table 1 WEB UPDATE NOTES from May, 2012 Exit Interviews on web changes since March, 2012:

1- **The County of Orange** subsequently submitted a spreadsheet of salary and benefit information for over 17,000 employees for 2011 that they prepared for a Public Records Act response to a request submitted by the Bay Area News Group, an organization of Northern California newspapers. The OC Register requested to receive the same information once it was released to the original requestor. It appears quite complete and the County of Orange will post this compensation information on the County's web site as their Employee Compensation Cost pages for the public to see as well. It appears to be quite complete.

2- **The City of Irvine** reported that their Employee page was subsequently posted on their City Compensation Page, using the Orange County Grand Jury suggested format. It appears to be quite complete.

3. **The City of La Palma** reported that their website was updated in early May to reflect the Grand Jury's requests. They submitted a copy of the City of La Palma 2011 Compensation Report and it appears to be quite complete.

4. **The City of Laguna Beach** reported that they have added a table to the compensation pages to include Defined Benefit Plan Pension Costs and a Total Salary and Benefits column for all employees. It appears to be quite complete.

5. **The City of San Juan Capistrano** reported that they have added employee compensation pages to their website. It appears quite complete.

6. **The City of Santa Ana** reported that data has been compiled for their Employee pages and will be posted on their website in May, 2012.

7. **The El Toro Water District** reported that it has updated its website to include all compensation, including pension for the GM, in table form. They report that they do not offer a defined benefit plan, so there are no pension costs to disclose.

8. **The Mesa Consolidated Water District** reported that Executive Compensation is on the website, as are Employee Salary Ranges and Title. May, 2012 report recommendations are being implemented.

9. **The Orange County Sanitation District** reported that their Compensation Cost website had been updated.

10. The **Orange County Water District** reports that additional information has been added to their website. The information that was on the website in March under "Human Resources" and is now under "Transparency."

11. **The Orange County Cemetery District** reported an upgrade to their Salary and Benefit Summary that they brought in for review. It appears quite complete.

Recognition of Excellence in Compensation Cost Transparency (CCT) –

To recognize achievement of excellence in Compensation Cost Transparency, **Appendix A** contains the 2012 **Gold, Silver** and **Bronze** Honor Rolls. Listed are Orange County cities, special districts/JPAs and the County of Orange. **Appendix A** also has the 2012 list of **Most Potential for Improvement**. These four lists are described below.

1. **Gold Honor Roll** is for cities & special districts providing **outstanding overall CCT access, content & clarity** in government for their citizens. Straight “A” (excellent) ratings in **all three CCT categories of Accessibility, Executive Content & Clarity and Employee Content & Clarity** for 2012 were achieved by all listed.
2. **Silver Honor Roll** is for cities & special districts providing **excellent executive CCT** in government for their citizens. “A” (excellent) ratings in the **two categories of Accessibility & Executive Content & Clarity** for 2012 were achieved by all listed.
3. **Bronze Honor Roll** is for cities & special districts providing **excellent CCT accessibility** in government for their citizens. “A” (excellent) rating in the **one category of Accessibility** for 2012 were achieved by all listed.
4. **Most Potential for Improvement List** for the cities & special districts in CCT. This potential for improvement was demonstrated by receiving one 2012 “F” (nonexistent) rating in at least **one of the three CCT categories of Accessibility, Executive Content & Clarity or Employee Content & Clarity**.

Non-Transparent Compensation Costs Funding Guaranteed Pensions

Current fiscal pressures accentuate the need for more pension cost information. Public demand is building for transparent reporting of unfunded pension liabilities in more detail.

The Government Accounting Standards Board (GASB) is addressing the unfunded pension liability issue at the macro level.¹⁷ GASB would mandate the movement of the unfunded pension liability from an informational footnote to a liability on the balance sheet as early as 2013. Private industry Financial Accounting Standards Board (FASB) has mandated this practice for years and upgraded their balance sheet pension liability reporting with FASB Statement 158 in 2006.¹⁸

A real lack of transparency of reporting the annual government dollar costs to fund guaranteed pensions appears at the employee/position pension level. Why?

¹⁷ GASB Postemployment Benefit Accounting and Financial Reporting Project, scheduled for statement release June, 2012. www.gasb.org
¹⁸ “FASB adopts New Pension Std.,” 10/3/2006, <http://accounting.smartpros.com/x55007.xml> & <http://www.fasb.org/summary/stsum158.shtml>

COMPENSATION COST TRANSPARENCY

Last year, the 2010-2011 Grand Jury asked for pension costs (i.e., the amounts that the city pays for contributions to a pension plan, such as PERS and Social Security) to be reported in their annual compensation cost disclosures. The county and some cities did, and many did not. The ones who did were:

- The County of Orange reported pension costs on their Executive page.
- The city governments that provided excellent executive pension cost transparency by apparently reporting pension costs on their Executive pages were:
 - Dana Point
 - Fullerton
 - Irvine
 - La Habra
 - Rancho Santa Margarita
 - San Clemente
 - San Juan Capistrano
 - Stanton.
- The cities who apparently went a step further and reported pension costs for all their employees and executives, to provide excellent maximum transparency for their citizens were:
 - Buena Park
 - Costa Mesa
 - Laguna Woods
 - Placentia
 - Yorba Linda.

The current focus of the California State Controller website does not yet reflect pension compensation costs. So pension costs for defined benefit plans (DBPs) currently go unreported on the state's local government's compensation site. The formula for the DBPs pension benefits is shown instead.

The state site reports the shorthand formula for the DBP pension benefit. However the formula is cryptic and the formula is not translated to the government's cost of funding it. A citizen can view the benefit formula shorthand notation that shows at what age the employee can collect what percentage of their last year's pay for every year of service.

The pension benefit formula is often not understood by the average citizen unless they are already familiar with the formula shorthand notation. An explanation is offered here with an example below.

COMPENSATION COST TRANSPARENCY

The pension formula for Officer Jane Doe, a public safety employee, is shown as “3%@50”. The “3%@50” means that Officer Jane Doe can retire when 50 years old and collect 3% of her last year’s pay, which is multiplied by each year of her public service. More specifically, that would mean when she obtained 50 years of age and if she had 30 years of public service, that Officer Jane Doe could collect 90% of her last year’s pay for the rest of her life (30 yrs. x 3%). If her annual pay from her last year(s) or highest year was \$100,000, then her pension annual payment would be \$90,000 for the rest of her life, plus cost of living allowances, if applicable.

The annual cost by the government of building up the funds for this pension is not shown on the California State Controller’s web site for this employee’s position level. The state site does not currently focus on the government’s compensation costs of the guaranteed pension, but just on the benefit formula of the employee’s guaranteed pension. This may change in the future, as described in the “Future Potential for California’s Local Government Pension Cost Reporting” section.

Significance of Local Government’s Cost of Funding Guaranteed Pension Benefits

Taxpayer and ratepayer dollars fund public pensions. In many local governments, but not all, taxpayers are obligated to pay government workers’ guaranteed pension benefits as promised through collective bargaining agreements. What is the range of the compensation costs of defined benefit plans?

The range of pension fund investment annual payments that Orange County local governments make for their General employees (officially classified as “miscellaneous” in pension plans) is from **9% to 28%** of salaries.

For Public Safety employees, that include fire, police, probation and lifeguards, the range is from **20% to 48%** of salaries. **Appendices B and C** list these percentage amounts owed to CalPERS or OCERS annually by each local government entity.

Are these government current compensation costs for a future benefit significant? Should pension funding amounts by employee positions be reported to the public, even though they are not current taxable compensation to the employee? Since local governmental annual investment payments range from 9% to 48% of salary, they are significant for taxpayer citizens to know. Taxpayer and ratepayer dollars fund these dollar amounts now to cover future pension obligations for employees, and are real and significant costs of government employment.

Future Potential for California’s Local Government Pension Cost Reporting

The government’s portion of guaranteed pension annual costs currently go unreported on the California State Controller’s local government compensation reporting site. That has been due to different objectives. We understand this may change in the near future.

To reduce the workload and simplify different reporting requirements for Orange County local governments, the 2011-2012 Grand Jury has had a continuing dialogue with the State Controller's office about the inclusion of pension costs.

Specifically, the discussions were with the California State Controller's Bureau of Local Government Policy and Reporting. This unit of the State Controller's office is embarking on the requirements phase for new database software to replace the annual influx of approximately 5,000 Excel spreadsheets.

The State Controller's office has considered the potential inclusion of requesting local governments to report Pension Costs for Defined Benefit Plans (DBPs) in their future minimum requirements. Informally, they have relayed to the 2011-2012 Grand Jury that they plan to include pension costs of DBPs in their reporting requirements for local government reporting in 2013, as part of the "burden cost of compensation." The new software implementation is initially planned to include pension cost data in the second phase. They stated that they would formally document their intentions to the Grand Jury in the near term.

Orange County citizens would benefit from being able to access DBP pension annual funding costs by employee/position on local web sites as soon as possible in the spirit of full transparency. Why wait? This information would appear to be too significant to ignore. Why just provide only the bare minimum in compensation cost transparency reporting, as required by the State Controller, when full transparency would benefit Orange County citizens now?

Need for Local Government Website Reporting of Compensation Cost Reporting

Compensation cost reporting is preferably shown on the local government website for ease of citizen use and because the data will be the latest available. At the State Controller's level, the local government reporting information can be from one to two years late due to the multiple fiscal years that the State has to address for the approximately 5,000 local governments.

Taxpaying citizens deserve to see the costs of funding guaranteed pensions clearly displayed at the employee position level now. The exceptional and commendable Orange County cities and districts that appear to include pension cost amounts in their Executive and Employee compensation costs in 2012 are:

- Buena Park
- Costa Mesa
- Laguna Woods
- Placentia
- Yorba Linda
- Midway Sanitary District

COMPENSATION COST TRANSPARENCY

- Buena Park Library District
- Placentia Library District.

Costa Mesa was recognized by the national Sunshine Review, a nonprofit organization dedicated to government transparency. They were awarded a national 2012 Sunny Award for doing an exemplary job at proactively disclosing information to taxpayers.¹⁹ They were the only government in California to receive an “A+” grade from the Sunshine Review. They set a good transparency example. Costa Mesa solicits their citizens to send in additional ideas about how they can improve their transparency at www.ci.costa-mesa.ca/transparency/.

The exceptional and commendable Orange County governments that appear to include these pension costs on their Executive Compensation cost page in 2012 are the County of Orange²⁰ and the cities of:

- Dana Point
- Fullerton
- Irvine
- La Habra
- Rancho Santa Margarita
- San Clemente
- San Juan Capistrano
- Stanton

¹⁹ For award information, see http://sunshinereview.org/index.php/2012_Sunny_Awards .

²⁰ The salaries and benefits for the County of Orange 12 top elected officials are shown on Sunshine Review’s national website at http://sunshinereview.org/index.php/Orange_County_employee_salaries with reference to the 34 OC employees who make over \$150,000 in total compensation of salaries and benefits (including pension costs). The reporting is excerpted from the County’s elected and executive compensation web page, as recommended by last year’s 2010-2011 OC Grand Jury, providing a good leadership example for OC cities & special districts to follow.

Signs of the Public’s Need to see Pension Costs at the Employee Position Level

Recent signs of the public’s increasing need to have pension costs reported at the Employee Pension level include the following examples.

- Orange County Register’s March 20, 2012 article on *“Public pensions evolving at local level”* which had to rely on survey data, not actual local governmental Pension Cost data, stated the following:

“Specifically, the recent League of California Cities survey that showed that 48% of California cities have reduced pension benefits for new hires.”²¹

The building block for this Pension Cost information would naturally be at the Employee Position level, like transparent Salary and other Benefits are, but alas it is not yet generally available nor yet reported at that level.

The survey covered only the California cities that contract with CalPERS. As a result, only 321 of California’s 482 cities responded. Reporting Pension Costs per employee position on a regular basis is topical and needed for transparent local government.

- USA Today’s March 12, 2012 article on *“In Too many places, public pensions remain private”* which stated the following:

“Even in states (California Florida, New Jersey and New York) where pension data are public, they’re often tough to find. If a newspaper or a public interest group hasn’t put the information online, people must file written requests to obtain it. All states could take a cue from New Jersey where pension data are posted and easily searchable online.”²²

The USA Today article concluded:

“Taxpayers have a right to know how their money is being spent. But when it comes to public pensions, it’s going to take a big push for transparency before that happens everywhere.”²³

- The California-based Little Hoover Commission issued a comprehensive report in February, 2011 on *“Public Pensions for Retirement Security”* that recommended:

²¹ *“Public pensions evolving at local level,”* Orange County Register, March 20, 2012, Local, OC Watchdog, p.1

²² *“In too many place, public pensions remain private,”* USA Today, March 12, 2012, p.8A

²³ Ibid.

“To improve transparency and accountability, more information about pension costs must be provided regularly to the public.”²⁴

Specifically recommended was that “The Legislature must require pension fund administrators to improve procedures for detecting and alerting the public about unusually high salary increases of government officials that will push pension costs upward.”²⁵

A more expedient local method of educating the Orange County public would be to include Pension Costs at the Employee Position level on the Orange County local government websites today in transparent compensation cost reporting.

This would let Orange County local governments potentially lead in pension cost transparency, as the County of Orange has done. One third of Orange County cities have already stepped out front and done so, and others are expected to do so as well. Financial pressures are starting to force local governments to make hard choices. Good clear transparent information reporting is needed to make informed choices. Informed citizens can then understand and support future actions.

FINDINGS/CONCLUSIONS

In accordance with California Penal Code Sections 933 and 933.05, the 2011-2012 Grand Jury requires responses from each city, special district, joint power authority, as well as the County of Orange and OCERS, affected and named by the findings presented in this section. The responses should address the specific situation of the governmental entity responding. The responses are to be submitted to the Presiding Judge of the Superior Court, with a copy to the Orange County Grand Jury.

A list of which governments are required to respond to which of the findings are summarized in Tables 2 and 3. These tables can be found in a later section entitled REQUIREMENTS AND INSTRUCTIONS.

Based upon the assessment of 58 websites of the County of Orange, 34 OC cities, 15 OC water and sanitation districts, 6 OC non-enterprise special districts, 1 transportation special district and 1 OC Joint Power Authority, the 2011-2012 Orange County Grand Jury has five principal findings.

²⁴ *“Public Pensions for Retirement Security,”* Little Hoover Commission, State of California, February, 2011, Executive Summary, <http://www.lhc.ca.gov/>

²⁵ Ibid.

Finding 1 (F1) - Accessibility Ratings for Cities, Special Districts and JPAs

Accessibility to Compensation Costs for Orange County **cities** web-sites experienced 92% improvement this year, but there is still room for improvement at some cities. Accessibility to Compensation Costs on Orange County websites for districts and joint power authority (JPA) has room for improvement, even though 70% were rated **excellent**.

- Cities:

There was a 92% improvement in CCT Accessibility from the thirteen cities rated **excellent** in 2011 compared to twenty-five cities were rated **excellent** in 2012.

 - **Yet there is still room for improvement for the remaining nine of thirty-four Orange County cities who received a rating of **good** in 2012 to achieve **excellence** in CCT Accessibility.**

- Special Districts and Joint Power Authority (JPA):

Sixteen of the twenty-three special districts/joint power authority (70%) were rated **excellent** in 2012 for CCT Accessibility. This was a very good showing in their first year of being rated.

 - **However, seven of the twenty-three special districts/joint power authority were rated **good, average, poor and nonexistent** for CCT Accessibility, all of whom could improve to **excellent**.**

Finding 2 (F2) – Content & Clarity Ratings for EXECUTIVE Compensation Cost

Content and Clarity for the OC cities elected officials and executives over \$100,000 in base salary is improving in this 2nd year of ratings. On the other hand, there is understandably even more potential improvement possible for the Special Districts and joint power authority, which are in their 1st year of ratings.

- County:

The County of Orange went from a **nonexistent** Executive Compensation Page in 2011 to one rated **excellent** in 2012 for Content and Clarity.

- Cities:

This year in 2012, fourteen of thirty-four cities (41%) were rated **excellent** for Executive CCT Content and Clarity, while none were rated **excellent** in 2011.

 - **However, twenty of the thirty-four cities were rated **good, average, poor and nonexistent** for Executive Compensation Cost Content and Clarity, all of**

whom could improve to **excellent**.

- Special Districts and Joint Power Authority (JPA):
Only three of twenty-three special districts/JPA (13%) were rated **excellent** for **Executive Compensation Cost Content and Clarity**.
 - **Nineteen of twenty-three special districts/JPA who received ratings of **good, average, poor and nonexistent** for Executive Compensation Cost can improve to achieve an **excellent** rating.**²⁶

Finding 3 (F3) - Content & Clarity for EMPLOYEE Compensation Cost Ratings

There is the most opportunity for more transparent reporting in the Content and Clarity of Employee Compensation Cost reporting on local government websites.

- County:
The County of Orange was rated **excellent** above for their Executive Compensation Page Content and Clarity.
 - **However, the County of Orange was only rated **average** for Employee Compensation Cost Content and Clarity and could improve to achieve an **excellent** rating.**
- Cities:
Only five of thirty-four cities (15%) were rated **excellent** for Employee Compensation Cost Content and Clarity.
 - **Twenty-nine of the thirty-four cities were rated **good, average, poor and nonexistent** for Employee Compensation Cost Content and Clarity, all of whom could improve to **excellent**.**
- Special Districts and Joint Power Authority (JPA)
Only four of twenty-three special districts and joint power authority (17%) were rated **excellent** for Employee Compensation Cost Content and Clarity.
 - **Nineteen of the twenty-three special districts/JPA were rated **good, average, poor and nonexistent** for Employee Compensation Cost Content and Clarity, all of whom could improve to **excellent**.**

²⁶ One of the 23 special districts/JPAs was rated "Not Applicable" due to their volunteer executive board and no paid executives. (3+19+1=23).

Finding 4 (F4) – Transparency of Employer Pension Contribution Rates

Many Orange County local government web sites do not generally post their employer pension annual contribution rates prominently to their web sites as part of their compensation cost disclosure for public disclosure.

Specifically, these employer contribution percentages refer to the annual percentages of employee salary that CalPERS (California Public Employees Retirement System) or OCERS (Orange County Employee Retirement System) requires of Orange County local governments to fund their employee guaranteed pension plans.

OCERS has the employer pension contribution rates buried in detailed actuarial reports and presentations on the OCERS website or requires member passwords to access these annual governmental funding rates. Thus, there is limited transparency for the public of these governmental pension contribution rates.

Finding 5 (F5) – Inclusion of Overtime and On-Call Pay in Employee Compensation Costs

The Orange County “de facto” standard for CCT in the county, cities, districts and JPA now contains all employees, including a page for executives and all elected officials. **Two key categories are missing from compensation cost reporting. They are overtime pay and on-call pay.** They have become important as the new “de facto” compensation cost reporting standard which now includes all employees.

These two cost categories can be significant for public safety employees. However, it is recognized that these cost categories generally do not apply to elected officials. On the other hand, if overtime does not occur for various employee positions, it is important for citizens to be aware of the aware of that in the annual reporting.

RECOMMENDATIONS

In accordance with California Penal Code Sections 933 and 933.05, the 2011-2012 Grand Jury requires responses from each city, special district, joint power authority, as well as County of Orange and OCERS, affected and listed in Tables 2 and 3 that follows. The responses are to be submitted to the Presiding Judge of the Superior Court, with a copy to the Orange County Grand Jury.

Based upon the assessment of 58 websites of the County of Orange, 34 OC cities, 15 OC Water and Sanitation Districts, 6 OC Non-Enterprise Special Districts, 1 transportation special district and 1 OC joint power authority, the 2011-2012 Orange County Grand Jury has five principal recommendations.

Recommendation 1 (R1) - Access for Compensation Costs Transparency -

The Grand Jury recommends that **each of the sixteen Orange County cities, districts and joint power authority that were rated less than excellent for Accessibility upgrade their access to compensation costs.** The access should be intuitive, readily identifiable on the web site home page and provide easy navigation within one or very few “clicks.”

Recommendation 2 (R2) - Content & Clarity of EXECUTIVE Compensation Costs -

The Grand Jury recommends that **each of the forty-one of the fifty-seven Orange County cities, districts and joint power authority that were rated less than excellent for their Content and Clarity for their Executive and Elected Officials compensation costs page upgrade their Executive Compensation page.** See Appendix D for a suggested full disclosure model which is the same as 2011 with expanded descriptions, but with particular emphasis on pension costs.

Recommendation 3 (R3) - Content & Clarity of EMPLOYEE Compensation Costs -

The Grand Jury recommends that **the County of Orange and all Orange County cities, districts and joint power authority that were rated less than Excellent for Content and Clarity for their Employee compensation costs pages upgrade their Employee pages.** See Appendix D for a suggested full disclosure model which is the same as 2011 with the addition of overtime pay, on-call pay and expanded descriptions, with particular emphasis on pension costs.

Recommendation 4 (R4) - Transparency of Employer Pension Contribution Rates -

The Grand Jury recommends that **all Orange County cities, districts and joint power authority, as well as the County of Orange, post their employer pension annual contribution rates prominently and transparently on their web sites.** Current and recent rates would be instructive and informative. It is recognized that some already do.

The Grand Jury recommends that **OCERS display their member organizations annual contribution rates in a transparent way to the general public without password access on their web site.** For a suggested model, see <http://calpers.ca.gov> and enter “public agency employer contribution search.”

Recommendation 5 (R5) - Transparency of Overtime Pay and On-Call Pay in Employee Compensation Cost Reporting –

The Grand Jury recommends that **all Orange County cities, districts and joint power authority, as well as the County of Orange, include overtime pay and on-call pay in compensation cost reporting on their employees’ compensation pages.** See Appendix D for a suggested full disclosure model for these new compensation cost reporting categories.

REQUIREMENTS AND INSTRUCTIONS

The California Penal Code Section 933(c) requires any public agency which the Grand Jury has reviewed, and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the agency. Such comment shall be made *no later than 90 days* after the Grand Jury publishes its report (filed with the Clerk of the Court); except that in the case of a report containing findings and recommendations pertaining to a department or agency headed by an elected County official (e.g. District Attorney, Sheriff, etc.), such comment shall be made *within 60 days* to the Presiding Judge with an information copy sent to the Board of Supervisors.

Furthermore, California Penal Code Section 933.05(a), (b), (c), details, as follows, the manner in which such comment(s) is to be made:

1. As to each grand jury finding, the responding person or entity shall indicate one of the following:
 - a. The respondent agrees with the finding.
 - b. The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefore.
2. As to each grand jury recommendation, the responding person or entity shall report one of the following actions:
 - a. The recommendation has been implemented, with a summary regarding the implemented action.
 - b. The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
 - c. The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the grand jury report.
 - d. The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefore.
3. However, if a finding or recommendation of the grand jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the Board of Supervisors shall respond if requested by

COMPENSATION COST TRANSPARENCY

the grand jury, but the response of the Board of Supervisors shall address only those budgetary or personnel matters over which it has some decision making authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

Comments to the Presiding Judge of the Superior Court in compliance with Penal Code section 933.05 are requested from the County of Orange Executive Office, Human Resources and required from each city council of the cities set forth in Table 2 and Board of Directors of each legislative, special assessing and joint power agency in Table 3, with a copy to the Orange County Grand Jury.

COMPENSATION COST TRANSPARENCY

TABLE 2 – County & Cities Responses Required for Findings (F) & Recommendations (R)

	F1	F2	F3	F4	F5		R1	R2	R3	R4	R5
<u>County</u>											
County of Orange			X	X	X				X	X	X
<u>Cities</u>											
Aliso Viejo		X	X	X	X			X	X	X	X
Anaheim		X	X	X	X			X	X	X	X
Brea		X	X	X	X			X	X	X	X
Buena Park				X	X					X	X
Costa Mesa				X	X					X	X
Cypress	X	X	X	X	X		X	X	X	X	X
Dana Point			X	X	X				X	X	X
Fountain Valley	X	X	X	X	X		X	X	X	X	X
Fullerton	X		X	X	X		X		X	X	X
Garden Grove		X	X	X	X			X	X	X	X
Huntington Beach	X	X	X	X	X		X	X	X	X	X
Irvine			X	X	X				X	X	X
La Habra			X	X	X				X	X	X
La Palma		X	X	X	X			X	X	X	X
Laguna Beach		X	X	X	X			X	X	X	X
Laguna Hills		X	X	X	X			X	X	X	X
Laguna Niguel	X	X	X	X	X		X	X	X	X	X
Laguna Woods				X	X					X	X
Lake Forest		X	X	X	X			X	X	X	X
Los Alamitos	X	X	X	X	X		X	X	X	X	X
Mission Viejo		X	X	X	X			X	X	X	X
Newport Beach		X	X	X	X			X	X	X	X
Orange		X	X	X	X			X	X	X	X
Placentia				X	X					X	X
Rancho Santa Margarita			X	X	X				X	X	X
San Clemente			X	X	X				X	X	X
San Juan Capistrano			X	X	X				X	X	X
Santa Ana	X	X	X	X	X		X	X	X	X	X
Seal Beach	X		X	X	X		X		X	X	X
Stanton			X	X	X				X	X	X
Tustin		X	X	X	X			X	X	X	X
Villa Park		X	X	X	X			X	X	X	X
Westminster	X	X	X	X	X		X	X	X	X	X
Yorba Linda				X	X					X	X

COMPENSATION COST TRANSPARENCY

TABLE 3 – Special Districts/JPs/OCERS Responses Required for Findings (F) & Recommendations (R)

	F1	F2	F3	F4	F5		R1	R2	R3	R4	R5
<u>Special Districts</u>											
<u>- Water and Sanitation</u>											
Costa Mesa Sanitary		X	X	X	X			X	X	X	X
East Orange County Water		X	X	X	X			X	X	X	X
El Toro Water		X	X	X	X			X	X	X	X
Irvine Ranch Water		X	X	X	X			X	X	X	X
Mesa Consolidated Water		X	X	X	X			X	X	X	X
Midway City Sanitary				X	X					X	X
Moulton Niguel Water		X	X	X	X			X	X	X	X
Municipal Water District of OC	X	X	X	X	X		X	X	X	X	X
Orange County Sanitation		X	X	X	X			X	X	X	X
Orange County Water		X	X	X	X			X	X	X	X
Santa Margarita Water	X	X	X	X	X		X	X	X	X	X
Serrano Water		X	X	X	X			X	X	X	X
South Coast Water		X	X	X	X			X	X	X	X
Trabuco Canyon Water	X	X	X	X	X		X	X	X	X	X
Yorba Linda Water	X	X	X	X	X		X	X	X	X	X
<u>Special Districts</u>											
<u>- Non Enterprise</u>											
Buena Park Library				X	X					X	X
Orange County Cemetery		X	X	X	X			X	X	X	X
Orange County Vector Control	X	X	X	X	X		X	X	X	X	X
Placentia Library				X	X					X	X
Rossmoor Community Service	X	X	X	X	X		X	X	X	X	X
Silverado-Modjeska Recreation & Parks					X						X
<u>Special District</u>											
<u>- Transportation</u>											
OCTA - Orange County Transportation Authority		X	X	X	X			X	X	X	X
<u>Joint Power Authorities</u>											
OCFA - Orange County Fire Authority	X	X	X	X	X		X	X	X	X	X
<u>Legislative District</u>											
OCERS - Orange County Employees Retirement System				X						X	

APPENDICES

COMPENSATION COST TRANSPARENCY

APPENDIX A – Compensation Cost Transparency Honor Rolls - Page 1 of 3

The 2012 **Gold Honor Roll** for supplying the best CCT in government for their citizens applies to the following cities and special districts. They all received **straight “A” ratings in all 3 categories** of Accessibility, Content & Clarity for Elected/ Executive and Employee compensation.

Cities-

- Buena Park
- Costa Mesa
- Laguna Woods
- Placentia
- Yorba Linda

Special Districts -

- Buena Park Library District
- Midway Sanitary District
- Placentia Library District

The 2012 **Silver Honor Roll** for supplying excellent CCT in government for their citizens applies to the following county, cities and special districts at the Executive & Elected official level. The county and cities below all received **“A” ratings in 2 categories** of Executive Accessibility and Content & Clarity. The special district below received an **“A” rating in the 2 categories** of Employee Accessibility and Content & Clarity, as they have no Executive page:

County

- County of Orange

Cities -

- Dana Point
- Irvine
- La Habra
- Rancho Santa Margarita
- San Clemente
- San Juan Capistrano
- Stanton

Special Districts -

- Silverado-Modjeska Recreation & Parks District

APPENDIX A – Compensation Cost Transparency Honor Rolls - Page 2 of 3

The 2012 **Bronze Honor Roll** for supplying excellent CCT accessibility in government for their citizens applies to the following cities, special districts and joint power authorities. They all received “A” ratings in Accessibility.

Cities -

- Aliso Viejo
- Anaheim
- Brea
- Garden Grove
- La Palma
- Laguna Beach
- Laguna Hills
- Lake Forest
- Mission Viejo
- Newport Beach
- Orange
- Tustin
- Villa Park

Special Districts -

- Costa Mesa Sanitary District
- East Orange County Water District
- El Toro Water District
- Irvine Ranch Water District
- Mesa Consolidated Water District
- Moulton Niguel Water District
- Orange County Cemetery District
- Orange County Sanitation District
- Orange County Transportation Authority
- Orange County Water District
- Serrano Water District
- South Coast Water District

APPENDIX A – Compensation Cost Transparency Honor Rolls - Page 3 of 3

The 2012 **Most Potential for Improvement List** in local government compensation cost transparency applies to the following cities and special districts. They received at least one “F” in one or more of the three categories.

Cities -

- **Fountain Valley**
- **Huntington Beach**
- **La Habra**
- **Westminster**

Special Districts -

- **El Toro Water District**
- **Orange County Vector Control District**
- **Rossmore Community Service District**
- **Santa Margarita Water District**

COMPENSATION COST TRANSPARENCY

APPENDIX B: CalPERS (California Public Employees' Retirement System) Employer Contribution 2011 Rates²⁷

% of Current Employee Payroll that the Employer must contribute to CalPERS in 2011

Cities	General	Safety	Safety-Fire	Safety-Police
Aliso Viejo	9.539%			
Anaheim	20.389%		29.228%	30.623%
Brea	11.219%	30.347%		
Buena Park	14.700%	25.821%*		
Costa Mesa	16.583%		32.404%	29.063%
Cypress	12.222%	32.407%*		
Dana Point	10.059%			
Fountain Valley	17.800% - 1 st Tier<	28.859% - 1 st Tier<		
Fullerton	11.119%	30.2%		
Garden Grove	17.854%	33.178%		
Huntington Beach	15.311%	34.196%		
Irvine	21.733%			32.678%
La Habra	11.752%	31.962%		
La Palma	14.762%	25.821%*		
Laguna Beach	15.258%	21.252% - Lifeguard	24.112%^	24.112%^
Laguna Hills	11.271%			
Laguna Niguel	10.539%			
Laguna Woods	10.896%			
Lake Forest	12.170%			
Los Alamitos	10.748%	25.21%*		
Mission Viejo	16.361%			
Newport Beach	12.208%	35.028%>		
Orange	18.646%	29.613%		
Placentia	9.548%	44.581%*		
Rancho Santa Margarita	16.497% - 1 st Tier<			
San Clemente	#	32.546% - Lifeguard		
Santa Ana	18.373%	28.848%		
Seal Beach	9.313%	25.821%*		
Stanton	13.523%			
Tustin	9.943%	32.17%*		
Villa Park	20.046%			
Westminster	14.494%	25.821%*		
Yorba Linda	13.996%			

²⁷ CalPERS - <http://www.calpers.ca.gov/index.jsp?bc=/employer/actuarial-gasb/contrib-rates/rates/home.xml>

COMPENSATION COST TRANSPARENCY

Appendix B Notes Legend:

* OCFA notes that these *rates of OCFA serviced cities apply only to non-fire safety employees

< Second Tier Levels in effect currently -

Second Tier level for Fountain Valley General Employees is 8.902% & 20.308% for Police

Second Tier level for Rancho Santa Margarita General Employees is 8.704%

> A Future Second Tier Level was approved in May, 2012 by Newport Beach for Firefighters that will go into effect in 2014 that will have Newport Beach *“paying 80% of pension costs annually instead of the 94% annually they are currently contributing. ... It will take 18 months for the new contribution percentages to take effect.”*²⁸

^ Laguna Beach has subsequently implemented a second tier for public safety officers

Administered by Great-West Retirement Services for San Clemente non-safety employees

²⁸ *“Newport Beach firefighters to pay more of pensions”*, Orange County Register, May 25, 2012, Local, Government, p. 9.

COMPENSATION COST TRANSPARENCY

APPENDIX C: OCERS (Orange County Employees Retirement System) Employer Contribution 2012-2013 Rates²⁹

% of Current Employee Payroll that Employer must contribute to OCERS in Fiscal Year 2013

Representative OCERS Examples and not a Comprehensive listing

<u>City</u>	<u>General</u>	<u>Safety</u>
San Juan Capistrano (2.7%@55) – Rate Group #2	28.39%	
(2.0%@57) – Rate Group #2	27.49%	
 <u>County Special Districts</u>		
Orange County Cemetery District		
(2.0%@55) Rate Group #11	17.76%	
Orange County Sanitation District – OCSD		
(1.664%@57) Rate Group #3	26.69%	
(2.5%@55) Rate Group #3	27.47%	
Orange County Transportation Authority – OCTA		
Rate Group #5	20.96%	
 <u>Joint Power Authority</u>		
Orange County Fire Authority – OCFA		
(2.7%@55) Rate Groups #10	27.99%	
(2.0%@55) Rate Group #10	27.25%	
(3.0%@50) Rate Group #8		45.46%
(3.0%@55) Rate Group #8		42.22%
 <u>County of Orange</u>		
General – Rate Group #1	16.85%	
General (1.62%@65) Rate Group #2	21.94%	
General (2.7%@55) Rate Group #2	28.39%	
Law Enforcement (3.0%@50) Rate Group #7		47.45%
(3.0%@55) Rate Group #7		46.78%
Probation (3.0%@50) Rate Group #6		36.29%

²⁹ “OCERS 2010 Actuarial Valuation and Review” by The Segal Group, Inc.
<http://www.ocers.org/pdf/finance/actuarial/valuation/2010actuarialvaluation.pdf>

APPENDIX D - Compensation Cost Disclosure Model - Page 2 of 2

In the interest of consistency and clarity in the disclosure of compensation cost data for local government officials and employees, the 2010-2011 Orange County Grand Jury developed a model table on the previous page, which could be posted onto the Internet websites of local governments in Orange County. The 2011-2012 Orange County Grand Jury has enhanced and expanded the applicability of the model for clarity, emphasis and scope, as local websites have evolved. The fundamental elements of the model on the websites would provide the following.

- **Accessibility** – The link from the home page to the compensation cost web page be a permanent feature, which is prominently displayed on the home page, as both self-descriptive and intuitive, requiring very minimal keystrokes for access.

- **Positions Reported** – All elected officials and those executive positions earning a base salary rate in excess of \$100,000 per year should be reported on an **Executive Compensation Page**. Elected officials should be listed first, followed by employees in descending order of salary.

The salaries and benefits for all employee positions should be posted in a standard table on a separate on the **Employee Compensation Pages**.

Note: The listing of names is not recommended on the compensation cost listings of employee position salaries and benefits, but is preferable for elected officials.

- **Salary Reporting** – The actual or annualized base rate of salary for the position should be shown, rather than minimum & maximum ranges or the employee’s W-2 form Box 5 amount.

. Overtime Pay – Actual overtime pay by employee position

• **Other Pay**

- **Fees** – Fees earned from reporting agency-sponsored boards, committees or commissions
- **Deferred Compensation**
- **Bonus** – Any form of management, incentive or performance improvement bonuses.
- **Pay in Lieu of Time Off**
- **Automobile Allowance**
- **On-Call Pay**

- **Insurance Premiums** - Annualized amounts that the reporting agency pays on the employee’s behalf for medical, dental, vision, disability and life insurance.

- **Pension Costs** – Annual amounts that the reporting agency pays for contributions to a pension plan (such as CalPERS or OCERS) and/or Social Security. ***This is the government’s share of the Employer Pension Annual Contribution to CalPERS, OCERS & Social Security, in addition to the Employer payment of any share of the Employees obligated contribution percentage.*** See Appendices B and C.

- **Total Compensation** – Salary and benefit amounts should be totaled for the calendar year.

* **RED** denotes new reporting requirement in 2012.

APPENDIX E: Methodology Details – Page 1 of 2

- Reviewed the three 2010-2011 Orange County Grand Jury reports on:
 - Compensation Study of Orange County Cities;
 - County of Orange Compensation Disclosure;
 - Compensation Survey of Orange County Water and Sanitation Districts.
- Reviewed 54 city, water & sanitation districts and county government response letters³⁰ to the findings and recommendations of the three previous 2010-2011 Orange County Grand Jury reports.
- The 53 entities in the 2010-2011 studies were the 34 Cities of Orange County, one County government and 18 Water & Sanitation Special Districts.
- The 34 cities included Aliso Viejo, Anaheim, Brea, Buena Park, Costa Mesa, Cypress, Dana Point, Fountain Valley, Fullerton, Garden Grove, Huntington Beach, Irvine, La Habra, La Palma, Laguna Beach, Laguna Hills, Laguna Niguel, Laguna Woods, Lake Forest, Los Alamitos, Mission Viejo, Newport Beach, Orange, Placentia, Rancho Santa Margarita, San Clemente, San Juan Capistrano, Santa Ana, Seal Beach, Stanton, Tustin, Villa Park, Westminster and Yorba Linda.
- The 18 Water and Sanitation Special Districts were Costa Mesa Sanitation District, East Orange County Water District, El Toro Water District, Irvine Ranch Water District, Laguna Beach County Water District, Mesa Consolidated Water District, Midway City Sanitary District, Moulton Niguel Water District, Municipal Water District of OC, Orange County Sanitation District, Orange County Water District, Rossmoor/Los Alamitos Area Sewer District, Santa Margarita Water District, Serrano Water District, South Coast Water District, Sunset Beach Sanitary District, Trabuco Canyon Water District and Yorba Linda Water District.
- Discussed in conversations, both in person and by phone, with selected Orange County cities and county governments about their 2010-2011 responses.
- Expanded the 2012 study to include 7 additional special districts, 1 joint power authorities (JPAs), and eliminated 3 water and sewer district to make a total of 58 governmental web sites to be reviewed.
 - The 8 additions are the:
 - Joint power authority of the Orange County Fire Authority;
 - 6 Special (non-water and sanitation) Districts of Buena Park Library District, Orange County Cemetery District, Orange County Vector Control, Placentia Library District,

³⁰ 54 letters were received from 53 entities (34 cities, 18 water & sanitation districts and 1 county government) since the city of Laguna Hills sent a separate minority and majority response. All response letters to the 2010-2011 Orange County Grand Jury reports can be found at www.ocgrandjury.org/reports.asp.

APPENDIX E: Methodology Details – Page 2 of 2

Rossmoor Community Services District and
Silverado/Modjeska Recreation & Parks District.

- 1 Special (transportation) District, which is the Orange County Transportation Authority.
 - The 3 eliminations are Rossmoor/Los Alamitos Sewer District (no longer has a web site), Sunset Beach Sanitary District (which doesn't have a web site) and Laguna Beach County Water District, (now a part of the City of Laguna Beach).
- Corresponded with the OC local governments to be studied –
 - Re: the establishment of this study to examine the local government web sites for the level of CCT, in terms of accessibility and content & clarity – by letters
 - Dated January 9 & 10, 2012 to 34 cities & 23 special districts/joint power authorities
 - Dated January 24, 2012 to Orange County CEO
 - Re: the frequently asked questions (FAQ's) concerning the Compensation Cost Transparency study – by letters
 - Dated February 23, 2012 to 34 cities & 23 special districts/JPAs
 - Dated March 8, 2012 to Orange County CEO
- Expanded the web assessment rating criteria to be more precise and objectively defined to build upon the previously more subjective rating criteria.
- Researched on the CalPERS web to obtain the OC cities' and special districts' individual public employer contribution annual percentage rate of employee salary that CalPERS requires the OC cities & special districts to contribute for their employee members' pensions.
- Solicited OCERS and obtained the OC individual public employer contribution annual percentage rate of employer salary that OCERS requires the county agencies, county JPAs and some city & special districts to contribute for their employee members' pensions.
- Reviewed, documented and assessed the transparency & content & clarity of each OC local government web site multiple times.
- Initiated explanatory phone conversations in March, 2012 with several special districts/joint power authorities, selected cities and County CEO office.
- Initiated February & March, 2012 phone conversations with the California State Controller Office's Bureau of Local Government Policy and Reporting to understand the state's local government compensation reporting requirements and future plans.
- Compiled data, charts & assessments from documentation & web reviews.
- Drafted and published study background, facts, analysis/findings & recommendations.

August 10, 2012

DRAFT

The Honorable Thomas J. Borris
Presiding Judge of the Superior Court
700 Civic Center Drive West
Santa Ana, CA 92701

**SUBJECT: EOCWD RESPONSE TO 2011-12 GRAND JURY REPORT:
“Transparency Breaking Up Compensation Fog – But Why
Hide Pension Costs?”**

Dear Judge Borris:

Thank you for this opportunity to respond to the subject Grand Jury Report. The District carefully reviewed this report and takes seriously its obligation to provide clear and accurate information to the public, in a readily accessible manner.

Response to Findings

The Grand Jury has requested that the District respond to Findings/Conclusions F-2, F-3, F-4, F-5 and Recommendations R-2, R-3, R-4, R-5. In accordance with Penal Code Sections 933 and 933.05, the following are the District’s responses.

F2. Content and Clarity Ratings for EXECUTIVE Compensation Costs

Content and Clarity for the OC cities elected officials and executives over \$100,000 in base salary is improving in this 2nd year of ratings. Special Districts and Joint Powers Authority (JPA) - Only three of the twenty-three special districts.JPA (13%) were rated excellent for Executive Compensation Cost Content and Clarity.

Response: We partially disagree. While none of our elected officials and executives are paid over \$100,000 in base salary, beginning in September 2011, the District created a dedicated webpage - called “Compensation Information” - on our website to report all employee compensation, including elected official and executive compensation; this was rated excellent (“A”) for accessibility in the Report.

The Compensation Information webpage includes a table (on the page) that shows wages and benefits in two separate columns and then added together to show total compensation; unfortunately, a webpage link to an Excel spreadsheet showing a detailed breakdown of all compensation (similar to Midway City Sanitation District’s spreadsheet) was not functional when the Grand Jury visited our site, so we received a “C” (average) rating. We received a call from a Grand Jury Member asking if this information was available and upon determining that there was a problem, were able to fix the problem later that same day.

F3. Content & Clarity Ratings for EMPLOYEE COMPENSATION Cost Ratings

There is the most opportunity for more transparent reporting in the Content and Clarity of Employee Compensation Cost reporting on local government websites. Special Districts and Joint Powers Authority (JPA) – Only four of the twenty-three special districts and joint powers authority (17%) were rated excellent for Employee Compensation Cost Content and Clarity, all of whom could improve to excellent.

Response: We partially disagree. As we noted in our response to F2, our Compensation Information webpage on our website includes detailed information regarding wages, benefits and total compensation for all employees, however the link on the page to this information was non-operational at the time of the Grand Jury's visit.

F4. Transparency of Employer Pension Contribution Rates

Many Orange County local government web sites do not generally post their employer pension annual contribution rates prominently to their web sites as part of their compensation cost disclosure for public disclosure.

Specifically, these employer contribution percentages refer to the annual percentages of employee salary that CalPERS (California Public Employees Retirement System) or OCERS (Orange County Employee Retirement System) requires of Orange County local governments to fund their employee guaranteed pension plans.

OCERS has the employer pension contribution rates buried in detailed actuarial reports and presentations on the OCERS website or requires member passwords to access these annual governmental funding rates. Thus, there is limited transparency for the public of these governmental pension contribution rates.

Response: We agree. The District will include the employer contribution percentages on the "Compensation Information" webpage beginning August 13, 2012.

F5. Inclusion of Overtime and On-Call Pay in Employee Compensation Costs

The Orange County "de facto" standard for CCT in the county, cities, districts and JPA now contains all employees, including a page for executives and all elected officials. Two key categories are missing from compensation cost reporting. They are overtime pay and on-call pay. They have become important as the new "de facto" compensation cost reporting standard which now includes all employees.

These two cost categories can be significant for public safety employees. However, it is recognized that these cost categories generally do not apply to elected officials. On the other hand, if overtime does not occur for various employee positions, it is important for citizens to be aware of the aware of that in the annual reporting.

Response: We agree. We have included them previously in the compensation cost reporting, however they have been lumped in with regular compensation. Beginning August 20, 2012, we will list the overtime and stand-by pay (on-call pay) received by employees in separate columns on the report.

Response to Recommendations R2, R3, R4, R5

R2. Content & Clarity of EXECUTIVE Compensation Costs

The Grand Jury recommends that each of the forty-one of the fifty-seven Orange County cities, districts and joint power authority that were rated less than excellent for their Content and Clarity for their Executive and Elected Officials compensation costs page upgrade their Executive Compensation page. See Appendix D for a suggested full disclosure model which is the same as 2011 with expanded descriptions, but with particular emphasis on pension costs.

Response: The recommendation has been implemented.

R3. Content & Clarity of EMPLOYEE Compensation Costs

The Grand Jury recommends that the County of Orange and all Orange County cities, districts and joint powers authority that were rated less than Excellent for Content and Clarity for their Employee compensation costs pages upgrade their Employee pages. See Appendix D for a suggested full disclosure model which is the same as 2011 with the addition of overtime pay, on-call pay and expanded descriptions, with particular emphasis on pension costs.

Response: The recommendation has been partially implemented and will be completely implemented (inclusive of overtime and stand-by pay information) by August 20, 2012.

R4. Transparency of Employer Pension Contribution Rates

The Grand Jury recommends that all Orange County cities, districts and joint powers authority, as well as the County of Orange, post their employer pension annual contribution rates prominently and transparently on their web sites. Current and recent rates would be instructive and informative. It is recognized that some already do.

The Grand Jury recommends that OCERS display their member organizations annual contribution rates in a transparent way to the general public without password access on their web site. For a suggested model, see <http://calpers.ca.gov> and enter "public agency employer contribution search."

Response: The District will implement this recommendation by August 13, 2012.

R5 Transparency of Overtime Pay and On-Call Pay in Employee Compensation Cost Reporting

The Grand Jury recommends that all Orange County cities, districts and joint powers authority, as well as the County of Orange, include overtime pay and on-call pay in compensation cost reporting on their employees' compensation pages. See Appendix D for a suggested full disclosure model for these new compensation cost reporting categories.

Response: As noted in the response to R3, the District will implement this recommendation by August 20, 2012.

Please contact me or our General Manager, Lisa Ohlund at 714-538-5815 should you have any questions or concerns.

Respectfully Submitted,

William VanderWerff,
President East Orange County Water District

Copies to: Joan Arneson, EOCWD Board Secretary
Lisa Ohlund, General Manager

END



MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: WHOLESALE AND RETAIL ZONE WATER DEMANDS – JULY 2012
DATE: AUGUST 10, 2012

Wholesale Zone Water Demands

Attached is a graphical representation of the Wholesale Zone water demand through July 31, 2012. Total water sales for the month of June totaled 595 AF; total year-to-date sales are 595 AF. This is a 1,022 AF or 58% decrease in demand over July, 2011 (note: July, 2011 included In-Lieu deliveries for the RZ, Tustin and Golden State; no In-Lieu was available in July, 2012).

Retail Zone Water Demands

Also attached are graphs depicting the Retail Zone water demand. As shown in Figure 1, total demand for the month of July was 115 AF; this is 9 AF or 6% below our average of the last 4 years.

Wholesale Zone Water Demand
Total Monthly Sales for July 2012 = 595 AF
Total YTD Sales for July 2012 - June 2013= 595 (AF)

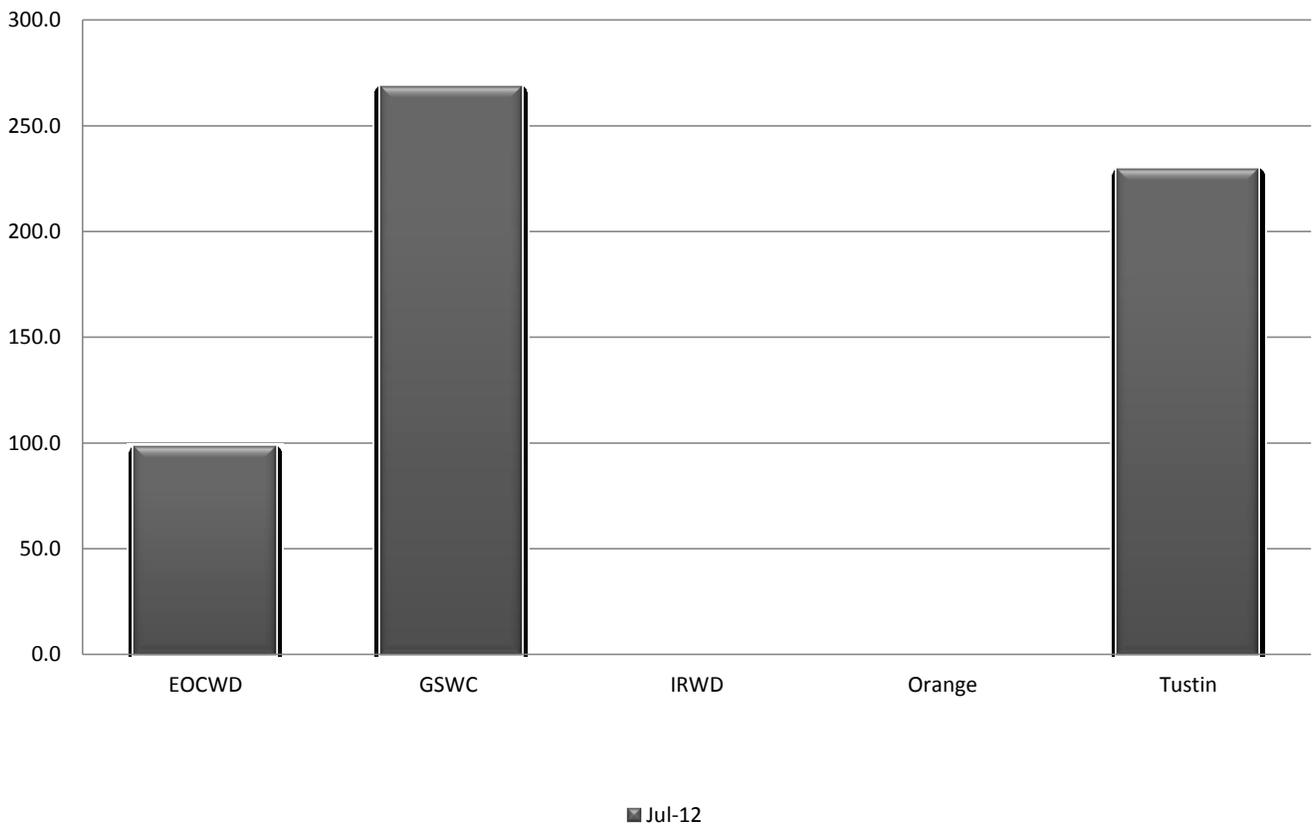


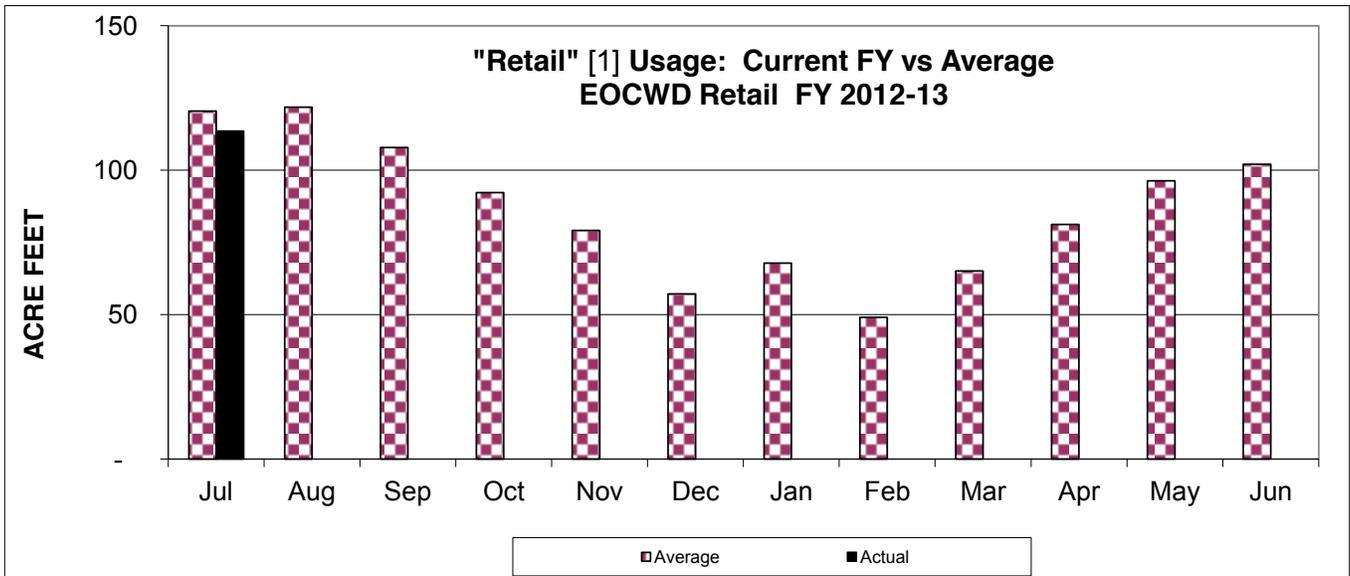
Fig. 1
Monthly Retail Water Usage: FY 12-13 "Retail" Water [1] versus Average
 Retail Agency: **EOCWD Retail Zone**

*Preliminary
 numbers subject to change*

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Target Retail Usage Calculation													
	Acre-Feet												
2008-09 Usage	127	127	114	108	96	57	91	46	83	101	103	100	1,152
2009-10 Usage	123	124	112	97	86	55	52	35	59	74	96	110	1,021
2010-11 Usage	112	118	109	76	73	49	58	55	54	78	92	98	970
2011-12 Usage	120	119	98	88	63	68	70	60	65	72	95	100	1,017
Average Usage	120	122	108	92	79	57	68	49	65	81	96	102	1,040

Current Year "Retail" [1] Usage, by Source

MET water purch.														-
plus CUP-IN														-
MET purch. via EO Whole:	98.1													98.1
subtract In-Lieu	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MET sold to														-
MET Total	98													98
OCWD Pumped GW	15.4													15.4
OCWD In-Lieu														-
other:														-
other:														-
other:														-
Local Total	15													15
"Retail" [1] Usage 12-13	114													114
Current FY vs Average	-6%													



[1] "Retail" usage includes MET water and Local water but **excludes recycled water**.

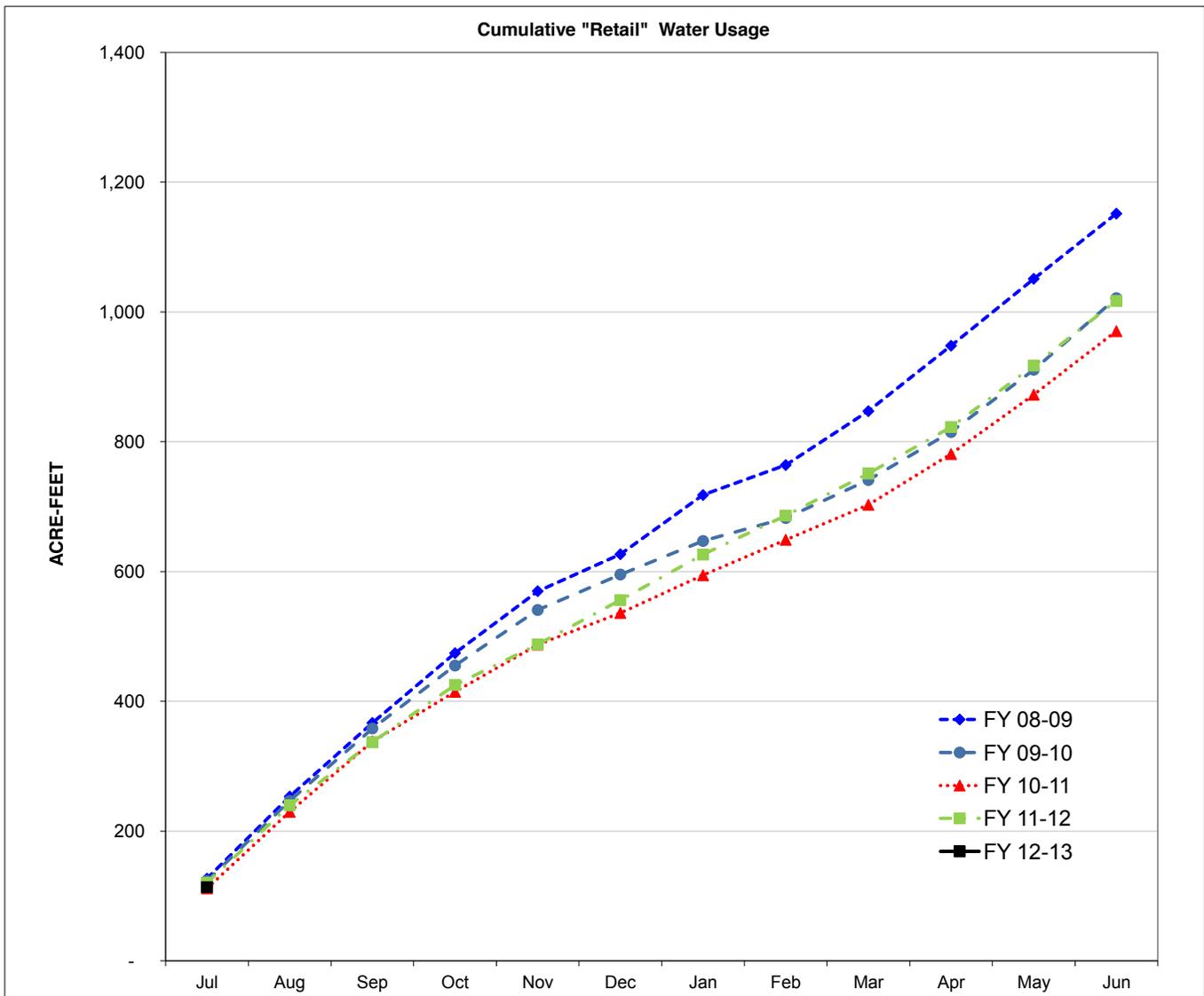
*Preliminary
numbers subject to change*

Fig. 2
Cumulative Monthly "Retail Water" [1] Demand In Current and Previous Fiscal Years

cumulative through the end of the last month shown

EOCWD Retail Zone

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 08-09	127	253	367	474	570	627	718	764	847	948	1,051	1,152
FY 09-10	123	246	358	455	541	595	647	682	741	815	911	1,021
FY 10-11	112	230	338	415	487	536	594	649	703	781	873	970
FY 11-12	120	240	337	425	488	556	626	686	751	823	917	1,017
FY 12-13	114											



[1] "Retail" usage includes MET water and Local water (excluding recycled water).

[2] Target Retail Use (AF) for FY 2012-13 is calculated as estimated population in FY 2012-13 times 2020 gpcd estimate [3], converted to AF.

END

WHOLESALE ZONE

EAST ORANGE COUNTY WATER DISTRICT
 2011-2012 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 MONTH : JUNE 2012

8/13/2012
Preliminary Report

REVENUE	MONTHLY ACTUAL REVENUE	YTD ACTUAL REVENUE	ANNUAL 2011-12 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET
DESCRIPTION					
OPERATING REVENUE:					
WATER SALES	1,217,654	5,900,920	2,527,337	3,373,583	233.48%
MWDOC CONNECTION FEES	72,817	432,180	414,734	17,446	104.21%
REIMBURSED EXP-IRWD	1,080	19,315	11,000	8,315	175.59%
OTHER CHARGES	15	117	1	116	11735.00%
				-	
TOTAL OPERATING REVENUE:	1,291,566	6,352,532	2,953,072	3,399,460	215.12%
NON-OPERATING REVENUES (EXPENSES):					
PROPERTY TAXES	4,280	578,362	590,025	(11,663)	98.02%
RENTAL INCOME - CELLULAR ANTENNAS	4,023	70,098	90,000	(19,902)	77.89%
INTEREST & INVESTMENT EARNINGS	211	2,100	12,000	(9,900)	17.50%
INTEREST INCOME - NOTE RECEIVABLE - AMP	-	46,218	59,163	(12,945)	78.12%
MISCELLENOUS, INCOME	994	5,967	500	5,467	1193.50%
				-	
TOTAL NON-OPERATING REVENUES, NET	9,507	702,746	751,688	(48,942)	93.49%
NET OPERATING INCOME	1,301,073	7,055,278	3,704,760	3,350,518	190.44%

EXPENSES	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2011-12 BUDGET	BUDGET \$ (OVER) UNDER	PERCENT OF BUDGET
DESCRIPTION					
OPERATING EXPENSE:					
SOURCE OF SUPPLY	650,574	5,357,861	2,527,337	(2,830,524)	212.00%
PIPELINE CAPACITY LEASE	37,542	417,570	414,734	(2,836)	100.68%
ENERGY	127	1,928	1,800	(128)	107.11%
OPERATIONS & MAINTENANCE	2,810	341,563	357,629	16,066	95.51%
GENERAL & ADMINISTRATIVE	9,712	116,359	197,760	81,401	58.84%
TRANSFER TO CAPITAL PROJECTS EXPENSE	16,667	200,000	200,000	0	100.00%
DEPRECIATION & AMORTIZATION	-	-	-	-	0.00%
				-	
TOTAL OPERATING EXPENSE	717,432	6,435,281	3,699,260	(2,736,021)	173.96%
NET INCOME FROM OPERATIONS	583,641	619,997	5,500	614,497	
PRIOR YEARS EXPENSES	-	-	5,000	(5,000)	
NET INCOME (LOSS)	583,641	619,997	10,500	609,497	

REVENUE

DESCRIPTION	MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
	ACTUAL REVENUE	ACTUAL REVENUE	2011-12 BUDGET	OVER (UNDER)	OF BUDGET
WATER SALES	1,217,653.97	5,900,919.94	2,527,337.00	3,373,582.94	233.48%
RETAIL SERVICE CONNECTIONS	21,650.00	140,725.00	129,825.00	10,900.00	108.40%
READINESS TO SERVE	30,887.48	173,508.41	162,630.00	10,878.41	106.69%
MET-MWDOC CAPACITY CHARGE	20,280.00	117,946.34	122,279.00	(4,332.66)	96.46%
REIMBURSED EXP- IRWD	1,079.71	19,315.21	11,000.00	8,315.21	175.59%
LATE CHARGE	15.00	117.35	-	117.35	0.00%
REFUNDS	-	-	1.00	(1.00)	0.00%
TOTAL OPERATING REVENUE	1,291,566.16	6,352,532.25	2,953,072.00	3,399,460.25	215.12%
INTEREST-MM	0.92	33.35	50.00	(16.65)	66.70%
INTEREST-MORGAN STANLEY-OP	2.97	39.59	75.00	(35.41)	52.79%
INTEREST-MORGAN STANLEY-CONT	0.03	(0.98)	25.00	(25.98)	-3.92%
INTEREST-LAIF-OP	11.64	81.47	10,150.00	(10,068.53)	0.80%
INTEREST-LAIF-CONT	45.10	190.61	125.00	65.61	152.49%
INTEREST-CTY OF ORANGE	150.13	187.95	-	187.95	0.00%
INTEREST-ACWA	-	1,568.08	1,575.00	(6.92)	99.56%
TAXES SECURED	-	532,272.88	548,000.00	(15,727.12)	97.13%
TAXES UNSECURED	3,667.92	22,437.89	23,000.00	(562.11)	97.56%
TAXES SUPPLEMENTAL ROLL	-	2,615.64	10,000.00	(7,384.36)	26.16%
TAXES PRIOR YEARS	607.29	11,346.41	15,000.00	(3,653.59)	75.64%
TAXES HOMEOWNER'S SUBVENTION	4.50	4,078.63	4,000.00	78.63	101.97%
TAXES PUBLIC UTILITY	-	10,564.00	10,000.00	564.00	105.64%
TAXES MISC	-	828.04	25.00	803.04	3312.16%
TAXES ACCRUED	-	(5,781.07)	(20,000.00)	14,218.93	0.00%
STATE TAXES CONFISCATED	-	-	-	-	0.00%
PROCEEDS IN-LIEU TAXES	-	-	-	-	0.00%
RENT INCOME- CINGULAR (AT&T)	-	26,314.64	48,000.00	(21,685.36)	54.82%
RENT INCOME-MOUNTAIN UNION	4,022.65	43,783.69	42,000.00	1,783.69	104.25%
AMP SALE INSTALLMENTS	-	46,217.89	59,163.00	(12,945.11)	78.12%
MISCELLANEOUS INCOME	993.80	5,967.48	500.00	5,467.48	1193.50%
TOTAL NON OPERATING INCOME	9,506.95	702,746.19	751,688.00	(48,941.81)	93.49%
TOTAL OPERATING REVENUE	1,301,073.11	7,055,278.44	3,704,760.00	3,350,518.44	190.44%
NET OPERATING INCOME	1,301,073.11	7,055,278.44	3,704,760.00	3,350,518.44	190.44%

EXPENSES

DESCRIPTION	MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
	ACTUAL EXPENSES	ACTUAL EXPENSES	2011-12 BUDGET	(OVER) UNDER	OF BUDGET
EOCF #2 NONINTERR OC 43	262,065.48	1,526,577.50	859,295.00	(667,282.50)	177.65%
EOCF #2 NONINTERR OC 48	130,434.05	1,440,372.30	480,194.00	(960,178.30)	299.96%
WATER PURCHASED OC 70	258,074.23	2,390,911.03	1,187,848.00	(1,203,063.03)	201.28%
WATER PURCHASED	-	-	-	-	0.00%
WATER PURCHASED IN-LIEU	-	-	-	-	0.00%
WATER PURCHASED-IN LIEU CREDIT	-	-	-	-	0.00%

FOR PERIOD ENDED June 30, 2012

Preliminary Report

DESCRIPTION	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2011-12 BUDGET	BUDGET \$ (OVER) UNDER	PERCENT OF BUDGET
AMP_FAP LEASE EXPENSE	1,083.33	13,000.00	-	(13,000.00)	0.00%
MET-MWDOC READINESS TO SERVE	15,443.74	151,370.81	162,630.00	11,259.19	93.08%
MET-MWDOC CAPACITY FEES	10,189.88	123,299.48	122,279.00	(1,020.48)	100.83%
MWDOC RETAIL SERVICE CONNECT	10,825.00	129,900.00	129,825.00	(75.00)	100.06%
UTILITY- SCADA RTU	126.71	1,927.95	1,800.00	(127.95)	107.11%
SMALL TOOLS	100.73	5,784.95	2,400.00	(3,384.95)	241.04%
GASOLINE, OIL & DIESEL FUEL	248.94	3,808.98	6,800.00	2,991.02	56.01%
PERMIT	-	-	-	-	0.00%
PROF SERV WATER QUAL. CONTROL	3,212.39	27,420.21	28,674.00	1,253.79	95.63%
SCADA REPLACEMENTS/UPGRADES	-	192.32	10,000.00	9,807.68	1.92%
OPERATIONS REPORTING SOFTWARE	(78.75)	1,272.02	1,380.00	107.98	92.18%
PRODUCTION METER PURCHASES	-	4,406.48	15,000.00	10,593.52	29.38%
SERVICE PRESSURE VALVES	-	1,044.69	3,000.00	1,955.31	34.82%
ENGINEERING	319.28	5,029.63	25,000.00	19,970.37	20.12%
R/M- MAINS	-	2,093.84	6,000.00	3,906.16	34.90%
DAMAGE REPAIR- CAL EMA	-	-	-	-	0.00%
R/M- SERVICE LATERALS	-	468.77	1,000.00	531.23	46.88%
R/M- RESERVOIRS	249.29	11,617.36	10,000.00	(1,617.36)	116.17%
R/M- VAULTS	-	680.66	10,000.00	9,319.34	6.81%
R/M- CATHODIC PROTECTION	157.23	1,849.33	12,000.00	10,150.67	15.41%
MAINTAIN & OPERATE EOCF#2	(22,998.88)	31,332.98	23,000.00	(8,332.98)	136.23%
METER TESTING	-	3,068.25	3,000.00	(68.25)	102.28%
MAINTAIN & OPERATER SAC LINE	155.33	1,864.00	2,000.00	136.00	93.20%
EQUIPMENT RENTAL	-	-	200.00	200.00	0.00%
MAINTENANCE- BACKHOE	-	660.89	1,200.00	539.11	55.07%
MAINTENANCE- VEHICLES	4.00	994.78	2,500.00	1,505.22	39.79%
MAINTENANCE- BUILDINGS/GROUNDS	93.84	2,102.90	4,000.00	1,897.10	52.57%
WAGES	10,462.18	160,447.24	120,000.00	(40,447.24)	133.71%
PAYROLL TAXES- FICA & MEDICARE	827.88	10,964.09	11,500.00	535.91	95.34%
RETIREMENT- PERS	1,432.86	24,992.16	24,000.00	(992.16)	104.13%
PAYROLL TAXES- SUI & ETT	38.67	602.63	325.00	(277.63)	185.42%
HEALTH & ACCIDENT INSURANCE	7,280.04	29,708.18	26,000.00	(3,708.18)	114.26%
DENTAL INSURANCE	193.40	2,108.43	1,700.00	(408.43)	124.03%
VISION INSURANCE	37.44	400.41	550.00	149.59	72.80%
LIFE INSURANCE	25.54	278.88	400.00	121.12	69.72%
WORKMEN'S COMP INSURANCE	929.16	4,902.16	5,000.00	97.84	98.04%
UNIFORMS- MAINTENANCE	119.83	1,465.45	1,000.00	(465.45)	146.55%
DISTRICT WEBSITE	-	10.00	750.00	740.00	1.33%
MCPHERSON FAX	17.19	196.16	200.00	3.84	98.08%
MCPHERSON INTERNET	42.39	448.71	450.00	1.29	99.71%
MCPHERSON OFFICE PHONES	133.27	1,485.57	1,200.00	(285.57)	123.80%
ANSWERING SERVICE	15.63	203.19	225.00	21.81	90.31%
PHONE CIRCUITS TO CTRL EQUIP	348.56	4,239.66	4,000.00	(239.66)	105.99%
CELLPHONES	125.55	1,129.36	1,600.00	470.64	27
UNDERGROUND SERVICE ALERT	20.25	290.25	400.00	109.75	72.56%
SEMINARS/TRAINING	-	75.00	2,400.00	2,325.00	3.13%
CONSERVATION EDUCATION	-	565.00	25,000.00	24,435.00	2.26%
TRANSPORTATION & TRAVEL	285.35	1,783.77	-	(1,783.77)	0.00%
MILEAGE	50.36	283.22	125.00	(158.22)	226.58%

DESCRIPTION	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2011-12 BUDGET	BUDGET \$ (OVER) UNDER	PERCENT OF BUDGET
DUES & MEMBERSHIP0 ACWA	-	2,747.50	2,500.00	(247.50)	109.90%
DUES & MEMBERSHIPS- OCWA	-	25.00	75.00	50.00	33.33%
DUES & MEMBERSHIPS- AWWA	-	206.50	210.00	3.50	98.33%
DUES & MEMBERSHIPS- FCA	-	10.00	-	(10.00)	0.00%
DUES/MEMBER- ISDOC/URBAN WTR	-	907.24	1,025.00	117.76	88.51%
MISCELLANEOUS EXP	-	106.35	500.00	393.65	21.27%
RICHARD BARRETT	150.00	1,612.50	2,000.00	387.50	80.63%
WILLIAM VANDERWERFF	400.00	3,362.50	3,000.00	(362.50)	112.08%
DOUGLAS CHAPMAN	150.00	1,800.00	2,500.00	700.00	72.00%
JOHN DULEBOHN	150.00	1,687.50	2,500.00	812.50	67.50%
RICHARD BELL	275.00	2,350.00	2,500.00	150.00	94.00%
BOARD MEETING EXPENSE	73.90	625.38	1,000.00	374.62	62.54%
POSTAGE	25.75	660.57	500.00	(160.57)	132.11%
OFFICE SUPPLY/FURN/SMALL EQUIP	912.29	3,959.37	7,000.00	3,040.63	56.56%
PUBLICATIONS & LEGAL NOTICES	478.67	478.67	800.00	321.33	59.83%
MAINTENANCE- COPIER CONTRACT	31.29	195.90	250.00	54.10	78.36%
BANK CHARGES	405.37	1,365.94	2,000.00	634.06	68.30%
OUTSIDE SERVICES- LABOR	26.96	2,944.44	2,220.00	(724.44)	132.63%
AUDITING	1,156.46	9,304.45	7,000.00	(2,304.45)	132.92%
TAX COLLECTION FEES	37.69	5,874.70	2,000.00	(3,874.70)	293.74%
TREASURER	(2,902.23)	2,262.38	33,000.00	30,737.62	6.86%
ACCOUNTING- SERRANO	3,284.82	21,250.59	-	(21,250.59)	0.00%
LEGAL	2,866.81	14,746.82	15,000.00	253.18	98.31%
COMPUTER CONSULTING	-	1,121.00	1,500.00	379.00	74.73%
LAFCO	-	11,912.14	12,600.00	687.86	94.54%
INSURANCE-AUTO & GEN LIABILITY	771.72	8,961.67	13,000.00	4,038.33	68.94%
INSURANCE-PROPERTY	193.08	2,180.69	2,400.00	219.31	90.86%
INSURANCE-EMP. FIDELITY BOND	18.96	149.81	180.00	30.19	83.23%
OFFICE EQUIPMENT R&M	-	-	250.00	250.00	0.00%
UTILITIES-DUMPSTER	-	375.80	1,200.00	824.20	31.32%
UTILITIES- THE GAS CO.- OFFICE	-	-	200.00	200.00	0.00%
UTILITIES- OFFICE- ELECT & WTR	167.16	2,464.03	2,500.00	35.97	98.56%
SECURITY	-	-	-	-	0.00%
ELECTION EXPENSE	-	-	40,000.00	40,000.00	0.00%
DEPRECIATION EXP.	-	-	-	-	0.00%
TRANS. TO WRCI-CAPITAL PROJECT	-	-	-	-	0.00%
TRANS TO CAPITAL PROJECTS	16,666.66	199,999.92	200,000.00	0.08	100.00%
MARKET VALUE ADJUST-INVESTMENT	-	-	-	-	0.00%
MARKET VALUE ADJUST-INVESTMENT	-	-	-	-	0.00%
MARKET VALUE ADJUST-INVESTMENT	-	-	-	-	0.00%
TOTAL OPERATING EXPENSE	717,431.73	6,435,280.99	3,699,260.00	(2,736,020.99)	173.96%
NET INCOME FROM OPERATIONS	583,641.38	619,997.45	5,500.00	614,497.45	11272.68%
PRIOR YEARS EXPENSE	-	-	5,000.00	(5,000.00)	0.00%
NET INCOME (LOSS)	583,641.38	619,997.45	10,500.00	609,497.45	

WHOLESALE ZONE CAPITAL PROJECTS

EAST ORANGE COUNTY WATER DISTRICT
 2011-2012 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 MONTH : JUNE 2012

8/13/2012
Preliminary Report

REVENUE	MONTHLY ACTUAL REVENUE	YTD ACTUAL REVENUE	ANNUAL 2011-12 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET
DESCRIPTION					
FUNDS PROVIDED BY RESERVE	-	-	66,172	(66,172)	0.00%
CAPITAL PROJECTS REVENUE					
CONNECTION FEES	-	19,392	25,000	(5,608)	77.57%
INTEREST EARNINGS	3,834	16,230	50,000	(33,770)	32.46%
INTEREST RECEIVABLE - AMP NOTE	-	-	18,000	(18,000)	0.00%
TRANSFER FROM OPERATING EXPENSES	16,667	200,000	200,000	(0)	100.00%
REIMBURSEMENT FOR STORM DAMAGE REPAIRS	-	-	30,000	(30,000)	0.00%
REIMBURSEMENT FOR SECURITY UPGRADES	-	-	60,000	(60,000)	0.00%
TOTAL CAPITAL PROJECT REVENUE	20,501	235,622	449,172	(213,550)	52.46%

EXPENSES	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2011-12 BUDGET	BUDGET \$ (OVER) UNDER	PERCENT OF BUDGET
DESCRIPTION					
CAPITAL PROJECT EXPENSES					
6 MG STORM DAMAGE REPAIR	32	3,985	60,100	56,115	6.63%
METAL FLASHING @ 6 MG RESERV.	-	-	10,100	10,100	0.00%
6 MG ISOLATION VALVE CHANGEOUT	-	9,022	12,100	3,078	74.57%
6 MG SAMPLE STATION REPLACE	-	36,215	27,672	(8,543)	130.87%
6 MG SECURITY SYSTEM	-	46,514	60,100	13,586	77.39%
6 MG SECURITY GATE @ JAMBOREE	-	-	8,600	8,600	0.00%
BACKUP GENERATOR OC70 PUMP	-	-	100,100	100,100	0.00%
BACKUP GENERATOR ELECTRIC MOD	-	-	15,100	15,100	0.00%
WZ METER REPLACEMENT	-	-	50,100	50,100	0.00%
PIPELINE INSPECTION	-	-	30,100	30,100	0.00%
BETTERMENT & REPLACEMENT PLAN	1,608	5,991	75,100	69,109	7.98%
UWMP UPDATE	-	-	-	-	0.00%
TOTAL CAPITAL PROJECT EXPENSES	1,640	101,727	449,172	347,445	22.65%
NET CAPITAL PROJECTS INCOME (LOSS)	18,861	133,895	-	133,895	

CAPITAL PROJECT

EAST ORANGE COUNTY WATER DISTRICT

FOR WHOLESALE
FOR PERIOD ENDED June 30, 2012
Preliminary Report

DESCRIPTION	MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
	ACTUAL REVENUE	ACTUAL REVENUE	2011-12 BUDGET	OVER (UNDER)	OF BUDGET
FUNDS PROVIDED BY RESERVE	-	-	66,172.00	(66,172.00)	0.00%
CONNECTION FEES	-	19,392.25	25,000.00	(5,607.75)	77.57%
INTEREST-MORGAN STANLEY-CAP	4.62	46.51	75.00	(28.49)	62.01%
INTEREST-LAIF-CAP	3,829.43	16,183.75	49,925.00	(33,741.25)	32.42%
INTEREST INCOME-AMP SALE	-	-	18,000.00	(18,000.00)	0.00%
TRANSFER FROM WS OPERATIONS	16,666.66	199,999.92	200,000.00	(0.08)	100.00%
REIMBURSEMENT FOR STORM DAMAGE REPAIRS	-	-	30,000.00	(30,000.00)	0.00%
REIMBURSEMENT FOR SECURITY UPGRADES	-	-	60,000.00	(60,000.00)	0.00%
CAPITAL PROJECT REVENUE	20,500.71	235,622.43	449,172.00	(213,549.57)	52.46%

EXPENSES

DESCRIPTION	MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
	ACTUAL EXPENSES	ACTUAL EXPENSES	2011-12 BUDGET	(OVER) UNDER	OF BUDGET
6 MG STORM DAMAGE REPAIR	32.17	3,367.17	60,000.00	56,632.83	5.61%
6 MG STORM DAMAGE REPAIR LABOR	-	618.08	100.00	(518.08)	618.08%
METAL FLASHING @ 6 MG RESERV.	-	-	10,000.00	10,000.00	0.00%
METAL FLASHING @ 6 MG RESERV. LABOR	-	-	100.00	100.00	0.00%
6 MG ISOLATION VALVE CHANGEOUT	-	7,610.39	12,000.00	4,389.61	63.42%
6 MG ISOLATION VALVE CHANGEOUT LABOR	-	1,412.07	100.00	(1,312.07)	1412.07%
6 MG SAMPLE STATION REPLACE	-	17,518.24	27,572.00	10,053.76	63.54%
6 MG SAMPLE STATION REPLACE LABOR	-	18,696.59	100.00	(18,596.59)	18696.59%
6 MG SECURITY SYSTEM	-	44,669.92	60,000.00	15,330.08	74.45%
6 MG SECURITY SYSTEM LABOR	-	1,843.64	100.00	(1,743.64)	1843.64%
6 MG SECURITY GATE @ JAMBOREE	-	-	8,500.00	8,500.00	0.00%
6 MG SECURITY GATE @ JAMBOREE LABOR	-	-	100.00	100.00	0.00%
BACKUP GENERATOR OC70 PUMP	-	-	100,000.00	100,000.00	0.00%
BACKUP GENERATOR OC70 PUMP LABOR	-	-	100.00	100.00	0.00%
BACKUP GENERATOR ELECTRIC MOD	-	-	15,000.00	15,000.00	0.00%
BACKUP GENERATOR ELECTRIC MOD. LABOR	-	-	100.00	100.00	0.00%
WZ METER REPLACEMENT	-	-	50,000.00	50,000.00	0.00%
WZ METER REPLACEMENT LABOR	-	-	100.00	100.00	0.00%
PIPELINE INSPECTION	-	-	30,000.00	30,000.00	0.00%
PIPELINE INSPECTION LABOR	-	-	100.00	100.00	0.00%
BETTERMENT & REPLACEMENT PLAN	1,607.50	5,761.38	75,000.00	69,238.62	7.68%
BETTERMENT & REPLACEMENT PLAN LABOR	-	229.55	100.00	(129.55)	229.55%
UWMP UPDATE	-	-	-	-	0.00%
UWMP UPDATE LABOR	-	-	-	-	0.00%
TOTAL CAPITAL PROJECT EXPENSES	1,639.67	101,727.03	449,172.00	347,444.97	22.65%
NET CAPITAL PROJECTS INCOME (LOSS)	18,861.04	133,895.40	-	133,895.40	

Wholesale Zone

<u>Account Number</u>	<u>Account Name</u>	<u>Income(I) Expense (E)</u>	<u>Amount</u>	<u>Percent Received/ Spent</u>	<u>Comments</u>
<u>June 2012</u>					
<u>New</u>					
5640-0001-1	Auditing	E	9,304.45	132.92%	This includes \$1,156.46 of the June 30, 2012 audit that is currently in progress.
<u>Ongoing</u>					
4930-0056-1	Taxes Miscellaneous Taxes	I	828.04	3312.16%	Delinquent Supplemental Penalties Paid (\$253.70) and Delinquent Supplemental Collection Paid (\$574.34).
4990-0001-1	Miscellaneous Income	I	5,967.48	1193.50%	This is the Rent paid for the Trailer at the 6 MG and the Meter Charge/Standby Charge on the Wholesale Zone billing. April's had income of \$2,480.40 for Scrap Metal along with the rent and Wholesale billing income. May included the correction of Wholesale billing Standby charges from July, August & September of 2011. They were coded to Water Sales instead of Misc. Income. June included Income from scrapmetal.
5130-0043-1	EOCF#2 NONINTERR OC-43	E	1,526,577.50	177.65%	Demand higher then projected
5130-0048-1	EOCF#2 NONINTERR OC-48	E	4,801,694.00	299.96%	Demand higher then projected
5130-0070-1	WATER PURCHASED OC-70	E	2,390,911.03	201.25%	Demand higher then projected
5313-0001-1	Small Tools	E	5,784.95	241.04%	Includes leak detection & pipe location equipment purchased in May.
5350-0051-1	R/M- Reservoirs	E	11,617.36	116.17%	Includes cleaning & inspecting 6 MG reservoir, and July 2011 WQ issue.
5357-0001-1	Maintain & Operate EOCF #2	E	31,332.98	136.23%	The amount budgeted was based on the 2009/10 Fiscal year didn't include increased MWD costs for capital projects.
5358-0001-1	Meter Testing	E	3,068.25	102.28%	Register for 10 inch intertie meter needed to be replaced

Wholesale Zone

<u>Account Number</u>	<u>Account Name</u>	<u>Income(I) Expense (E)</u>	<u>Amount</u>	<u>Percent Received/ Spent</u>	<u>Comments</u>
5467-0001-1	Wages	E	160,447.24	133.71%	The current Labor Split between WZ & RZ is 45/55. We originally predicted 34/66 Split.
5480-0070-1	Payroll Taxes- SUI & ETT	E	602.63	185.42%	Non-Salary Employees received a raise on July 1, 2011 and 2 part time employees were added to staff.
5486-0001-1	Uniforms- Maintenance	E	1,465.45	146.55%	Replacement of field employee's boots
5616-0001-1	Mileage	E	50.36	226.58%	Overage due to increased IRS rate.
5618-0029-1	Dues & Membership- ACWA	E	2,747.50	109.90%	The split between Wholesale & Retail was corrected to be a 50/50 split. The Budget was set up with a 42/61 split.
5632-0001-1	Postage	E	660.57	132.11%	Postage higher than expected due to rate increases.
5639-0001-1	Outside Services- Labor	E	2,944.44	132.63%	2012 Security Invoice was Overpaid. Refund being issued.
5641-0001-1	Tax Collection Fees	E	5,874.70	293.74%	

RETAIL ZONE

EAST ORANGE COUNTY WATER DISTRICT
 2011-2012 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 MONTH : JUNE 2012

8/13/2012
Preliminary Report

DESCRIPTION	MONTHLY ACTUAL REVENUE	YTD ACTUAL REVENUE	ANNUAL 2011-12 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET
OPERATING REVENUE:					
WATER SALES	144,379	874,976	891,000	(16,024)	98.20%
METER CHARGE	48,053	288,905	312,000	(23,095)	92.60%
OTHER CHARGES	2,310	13,396	9,000	4,396	148.85%
TOTAL OPERATING REVENUE:	194,741	1,177,277	1,212,000	(34,723)	97.14%
NON-OPERATING REVENUES (EXPENSES):					
PROPERTY TAXES	3,556	316,496	338,600	(22,104)	93.47%
INTEREST & INVESTMENT EARNINGS	111	199	500	(301)	39.72%
MISCELLANEOUS, INCOME	-	3,675	500	3,175	735.08%
TOTAL NON-OPERATING REVENUES, NET	3,667	320,370	339,600	(19,230)	94.34%
NET OPERATING INCOME	198,408	1,497,647	1,551,600	(53,953)	96.52%

DESCRIPTION	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2011-12 BUDGET	BUDGET \$ (OVER) UNDER	PERCENT OF BUDGET
EXPENSES					
OPERATING EXPENSE:					
SOURCE OF SUPPLY	59,270	453,406	389,950	(63,456)	116.27%
PIPELINE CAPACITY LEASE	7,202	38,090	44,730	6,640	85.16%
ENERGY	1,659	41,300	98,250	56,950	42.04%
OPERATIONS & MAINTENANCE	28,311	428,524	565,122	136,598	75.83%
GENERAL & ADMINISTRATIVE	12,688	131,757	142,028	10,271	92.77%
TRANSFER TO CAPITAL EXPENSE	16,667	200,000	200,000	-	100.00%
INTEREST EXPENSE - NOTE PAYABLE - DWR	-	66,622	-	(66,622)	0.00%
RETAIL OPERATIONS CONTINGENCY FUND	-	-	50,000	50,000	0.00%
DISPOSAL OF ASSET GAIN (LOSS)	-	(2,000)	(2,000)	-	100.00%
DEPRECIATION & AMORTIZATION	-	-	-	-	0.00%
TOTAL OPERATING EXPENSE	125,796	1,357,699	1,488,080	130,381	91.24%
NET INCOME FROM OPERATIONS	72,612	139,948	63,520	76,428	
PRIOR YEARS EXPENSES	-	-	-	-	
NET INCOME (LOSS)	72,612	139,948	63,520	76,428	

DESCRIPTION	MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
	ACTUAL REVENUE	ACTUAL REVENUE	2011-12 BUDGET	OVER (UNDER)	OF BUDGET
WATER SALES	144,378.56	874,976.04	891,000.00	(16,023.96)	98.20%
METER CHARGE	48,052.75	288,904.80	312,000.00	(23,095.20)	92.60%
LATE CHARGE	1,890.00	11,715.00	9,000.00	2,715.00	130.17%
CONNECTION FEES	-	-	-	-	0.00%
RETURNED CHECK CHARGE	150.00	532.80	500.00	32.80	106.56%
TURN OFF CHARGE	270.00	890.00	1,000.00	(110.00)	89.00%
OTHER CHARGES	-	-	500.00	(500.00)	0.00%
UNCOLLECTIBLE ACCOUNTS	-	-	(5,000.00)	5,000.00	0.00%
TURN ON NEW SERVICE	-	-	1,000.00	(1,000.00)	0.00%
REFUNDS	-	-	2,000.00	(2,000.00)	0.00%
SERVICE UPGRADE FEE	-	258.57	-	258.57	0.00%
TOTAL OPERATING REVENUE	194,741.31	1,177,277.21	1,212,000.00	(34,722.79)	97.14%
INTEREST-MORGAN STANLEY-OP	0.54	4.63	50.00	(45.37)	9.26%
INTEREST-LAIF-OP	29.58	92.76	450.00	(357.24)	20.61%
INTEREST-CTY OF ORANGE	80.84	101.21	-	101.21	0.00%
TAXES SECURED	-	302,190.24	313,500.00	(11,309.76)	96.39%
TAXES UNSECURED	2,084.48	12,718.53	15,000.00	(2,281.47)	84.79%
TAXES SUPPLEMENTAL ROLL	-	1,414.84	5,000.00	(3,585.16)	28.30%
TAXES PRIOR YEARS	348.60	6,783.32	4,000.00	2,783.32	169.58%
TAXES HOMEOWNER'S SUBVENTION	1,122.63	3,435.45	1,000.00	2,435.45	343.55%
TAXES PUBLIC UTILITY	-	5,507.18	5,000.00	507.18	110.14%
TAXES MISC	-	-	100.00	(100.00)	0.00%
TAXES ACCRUED	-	(15,553.83)	(5,000.00)	(10,553.83)	0.00%
STATE TAXES CONFISCATED	-	-	-	-	0.00%
PROCEEDS IN-LIEU TAXES	-	-	-	-	0.00%
MISCELLANEOUS INCOME	-	3,675.42	500.00	3,175.42	735.08%
CAPITAL PROJECT @ \$0.11/CCF	-	-	-	-	0.00%
TOTAL NON OPERATING INCOME	3,666.67	320,369.75	339,600.00	(19,230.25)	94.34%
TOTAL OPERATING REVENUE	198,407.98	1,497,646.96	1,551,600.00	(53,953.04)	96.52%
NET OPERATING INCOME	198,407.98	1,497,646.96	1,551,600.00	(53,953.04)	96.52%

EXPENSES

DESCRIPTION	MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
	ACTUAL EXPENSES	ACTUAL EXPENSES	2011-12 BUDGET	(OVER) UNDER	OF BUDGET
WATER PURCHASED	206,527.22	625,571.69	361,200.00	(264,371.69)	173.19%
WATER PURCHASED IN-LIEU	25,371.20	145,413.40	106,000.00	(39,413.40)	137.18%
WATER PURCHASED IN LIEU CREDIT	(172,628.61)	(355,234.66)	(170,000.00)	185,234.66	0.00%
OCWD- REPLENISH ASSESSMENT	-	37,655.54	92,750.00	55,094.46	40.60%
MET-MWDOC READINESS TO SERVE	4,209.88	21,328.49	25,000.00	3,671.51	85.31%
MET-MWDOC CAPICITY FEES	1,732.30	9,123.42	12,030.00	2,906.58	75.84%

DESCRIPTION	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2011-12 BUDGET	BUDGET \$ (OVER) UNDER	BUDGET \$ PERCENT SPENT
MWDOC RETAIL SERVICE CONNECT	1,259.38	7,638.36	7,700.00	61.64	99.20%
UTILITY STOLLER RESERVOIR	165.29	18,161.59	44,000.00	25,838.41	41.28%
UTILITY VISTA PANORAMA BOOSTER	366.59	4,057.23	7,000.00	2,942.77	57.96%
UTILITIES- WELLS- EAST/WEST	1,126.78	19,080.73	47,250.00	28,169.27	40.38%
SMALL TOOLS	100.73	5,731.87	2,500.00	(3,231.87)	229.27%
GASOLINE, OIL & DIESEL FUEL	483.22	7,274.66	6,800.00	(474.66)	106.98%
PERMIT	-	1,943.00	-	(1,943.00)	0.00%
NPDS PERMIT	-	-	1,625.00	1,625.00	0.00%
PROF SERV WATER QUAL. CONTROL	1,685.52	16,164.37	20,500.00	4,335.63	78.85%
CHLORINE GENERATOR/SALT PURCH	-	918.23	2,565.00	1,646.77	35.80%
WEST WELL MAINTENANCE	-	2,471.15	3,075.00	603.85	80.36%
EAST WELL MAINTENANCE	307.32	2,367.77	3,075.00	707.23	77.00%
STOLLER RESERVOIR EXP	-	-	6,150.00	6,150.00	0.00%
VISTA PANORAMA BOOSTER	-	548.05	4,100.00	3,551.95	13.37%
VISTA PANORAMA RESERVOIR	-	2,908.80	5,125.00	2,216.20	56.76%
CHLORINE GENERATOR	-	328.77	3,075.00	2,746.23	10.69%
SCADA REPLACEMENTS/UPGRADES	-	152.14	2,050.00	1,897.86	7.42%
OPERATIONS REPORTING SOFTWARE	(46.25)	1,218.98	3,300.00	2,081.02	36.94%
HYDRANT REPAIR & REPLACEMENTS	-	10,857.99	15,750.00	4,892.01	68.94%
PRODUCTION METER PURCHASES	-	871.42	10,500.00	9,628.58	8.30%
SERVICE PRESSURE VALVES	-	-	1,050.00	1,050.00	0.00%
ENGINEERING	1,213.89	26,267.84	40,000.00	13,732.16	65.67%
R/M- MAINS	100.00	15,239.41	26,250.00	11,010.59	58.05%
DAMAGE REPAIR- CAL EMA	-	-	-	-	0.00%
R/M- SERVICE LATERALS	-	7,550.11	21,000.00	13,449.89	35.95%
R/M- RESERVOIRS	191.69	1,701.99	4,200.00	2,498.01	40.52%
R/M- VAULTS	-	-	-	-	0.00%
R/M- CATHODIC PROTECTION	-	-	5,000.00	5,000.00	0.00%
METER TESTING	-	712.20	1,500.00	787.80	47.48%
EQUIPMENT RENTAL	-	32.26	205.00	172.74	15.74%
MAINTENANCE- BACKHOE	-	1,242.86	1,845.00	602.14	67.36%
MAINTENANCE- VEHICLES	4.00	1,454.79	2,565.00	1,110.21	56.72%
MAINTENANCE- BUILDINGS/GROUNDS	93.83	1,039.71	3,075.00	2,035.29	33.81%
WAGES	17,813.98	188,277.51	234,600.00	46,322.49	80.25%
PAYROLL TAXES- FICA & MEDICARE	1,526.06	19,445.92	20,400.00	954.08	95.32%
RETIREMENT- PERS	2,684.38	50,266.15	44,000.00	(6,266.15)	114.24%
PAYROLL TAXES- SUI & ETT	48.58	848.07	357.00	(491.07)	237.55%
HEALTH & ACCIDENT INSURANCE	(429.86)	41,682.05	49,500.00	7,817.95	84.21%
DENTAL INSURANCE	375.41	3,873.08	4,400.00	526.92	88.02%
VISION INSURANCE	72.66	760.79	1,130.00	369.21	67.33%
LIFE INSURANCE	49.58	483.13	765.00	281.87	63.15%
WORKMEN'S COMP INSURANCE	1,803.64	11,031.82	11,550.00	518.18	95.51%
UNIFORMS- MAINTENANCE	232.59	2,856.93	1,540.00	(1,316.93)	185.51%
DISTRICT WEBSITE	-	9.99	5,000.00	4,990.01	0.20%
MCPHERSON FAX	17.18	196.12	155.00	(41.12)	126.53%
MCPHERSON INTERNET	42.39	448.70	513.00	64.30	87.47%
MCPHERSON OFFICE PHONES	133.26	1,485.47	1,230.00	(255.47)	120.77%
ANSWERING SERVICE	15.62	203.06	256.00	52.94	79.32%

DESCRIPTION	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2011-12 BUDGET	BUDGET \$ (OVER) UNDER	BUDGET \$ PERCENT SPENT
PHONE CIRCUITS TO CTRL EQUIP	204.70	2,476.77	2,563.00	86.23	96.64%
CELLPHONES	125.55	1,129.34	1,538.00	408.66	73.43%
UNDERGROUND SERVICE ALERT	20.25	290.25	360.00	69.75	80.63%
TRAINING/SCHOOLS	-	135.40	2,250.00	2,114.60	6.02%
CONSERVATION EDUCATION	-	367.00	3,500.00	3,133.00	10.49%
TRANSPORTATION & TRAVEL	285.33	1,783.70	-	(1,783.70)	0.00%
MILEAGE	106.87	399.78	360.00	(39.78)	111.05%
DUES & MEMBERSHIPS- ACWA	-	2,747.50	3,500.00	752.50	78.50%
DUES & MEMBERSHIPS- OCWA	-	25.00	75.00	50.00	33.33%
DUES & MEMBERSHIPS- AWWA	-	206.50	175.00	(31.50)	118.00%
DUES & MEMBERSHIPS- FCA	-	10.00	-	(10.00)	0.00%
DUES/MEMBER- ISDOC/URBAN WTR	-	907.24	700.00	(207.24)	129.61%
MISCELLANEOUS EXP	-	106.06	2,000.00	1,893.94	5.30%
RICHARD BARRETT	150.00	1,612.50	2,400.00	787.50	67.19%
WILLIAM VANDERWERFF	400.00	3,362.50	3,600.00	237.50	93.40%
DOUGLAS CHAPMAN	150.00	1,800.00	3,600.00	1,800.00	50.00%
JOHN DULEBOHN	150.00	1,687.50	3,600.00	1,912.50	46.88%
RICHARD BELL	275.00	2,350.00	3,600.00	1,250.00	65.28%
BOARD MEETING EXPENSE	73.87	601.42	1,000.00	398.58	60.14%
POSTAGE	805.10	4,567.80	6,000.00	1,432.20	76.13%
OFFICE SUPPLY/FURN/SMALL EQUIP	1,574.98	5,868.28	4,500.00	(1,368.28)	130.41%
PUBLICATIONS & LEGAL NOTICES	746.07	1,520.85	1,428.00	(92.85)	106.50%
MAINTENANCE- COPIER CONTRACT	31.26	216.99	515.00	298.01	42.13%
MAINTENANCE-VERSATERM CONTRACT	-	1,410.00	2,870.00	1,460.00	49.13%
BANK CHARGES	144.41	3,737.06	3,030.00	(707.06)	123.34%
OUTSIDE SERVICES	26.94	2,869.62	6,300.00	3,430.38	45.55%
AUDITING	1,025.54	7,484.55	6,500.00	(984.55)	115.15%
TAX COLLECTION FEES	20.68	3,366.58	2,050.00	(1,316.58)	164.22%
COMPUTER BILLING	142.67	4,487.70	4,000.00	(487.70)	112.19%
TREASURER	(2,902.22)	2,262.37	30,000.00	27,737.63	7.54%
ACCOUNTING- SERRANO	3,284.82	21,250.54	-	(21,250.54)	0.00%
LEGAL	4,786.80	35,697.29	18,000.00	(17,697.29)	198.32%
COMPUTER CONSULTING	-	209.00	1,000.00	791.00	20.90%
LAFCO	-	2,036.90	3,000.00	963.10	67.90%
INSURANCE-AUTO & GEN LIABILITY	536.28	6,154.27	4,000.00	(2,154.27)	153.86%
INSURANCE-PROPERTY	134.17	1,515.40	1,300.00	(215.40)	116.57%
INSURANCE-EMP. FIDELITY BOND	13.19	104.11	80.00	(24.11)	130.14%
OFFICE EQUIPMENT R&M	-	-	260.00	260.00	0.00%
UTILITIES-DUMPSTER	-	404.73	1,025.00	620.27	39.49%
UTILITIES- THE GAS CO.- OFFICE	-	-	345.00	345.00	0.00%
UTILITIES- OFFICE- ELECT & WTR	167.15	2,251.56	3,850.00	1,598.44	58.48%
SECURITY	-	-	-	-	0.00%
ELECTION EXPENSE	-	-	-	-	0.00%
INTEREST EXPENSE DWR	-	66,621.98	-	(66,621.98)	0.00%
DISPOSAL OF ASSET GAIN (LOSS)	-	(2,000.00)	(2,000.00)	-	0.00%
DEPRECIATION EXP.	-	-	-	-	0.00%
TRANS TO CAPITAL PROJECTS	16,666.66	200,000.00	200,000.00	-	100.00%
RZ- CONTINGENCY FUND	-	-	50,000.00	50,000.00	0.00%

TOTAL OPERATING EXPENSE	125,795.52	1,357,698.99	1,488,080.00	130,381.01	91.24%
NET INCOME FROM OPERATIONS	72,612.46	139,947.97	63,520.00	76,427.97	
PRIOR YEARS EXPENSE	-	-	-	-	
NET INCOME (LOSS)	72,612.46	139,947.97	63,520.00	76,427.97	

RETAIL ZONE CAPITAL PROJECTS

EAST ORANGE COUNTY WATER DISTRICT
 2011-2012 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 MONTH : JUNE 2012

8/13/2012
Preliminary Report

REVENUE	MONTHLY ACTUAL REVENUE	YTD ACTUAL REVENUE	ANNUAL 2011-12 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET
DESCRIPTION					
FUNDS PROVIDED BY RESERVE	-	-	408,500	(408,500)	0.00%
CAPITAL PROJECTS REVENUE					
CAPITAL PROJECTS FEES	35,543	213,508	215,000	(1,492)	99.31%
INTEREST EARNINGS	108	472	500	(28)	94.31%
TRANSFER FROM OPERATING EXPENSES	16,667	200,000	200,000	-	100.00%
FUNDS BORROWED FROM WHOLESALE ZONE	-	-	-	-	0.00%
I-BANK LOAN	-	-	-	-	0.00%
TOTAL CAPITAL PROJECT REVENUE	52,318	413,980	824,000	(410,020)	50.24%

EXPENSES	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2011-12 BUDGET	BUDGET \$ (OVER) UNDER	PERCENT OF BUDGET
DESCRIPTION					
CAPITAL PROJECT EXPENSES					
BETTERMENT & REPLACEMENT PLAN	1,608	5,991	71,250	65,259	8.41%
UWMP UPDATE	-	-	-	-	0.00%
2011 SYS IMPROVE-ENG/INSPECT/ADMIN	299	97,056	95,250	(1,806)	101.90%
BAJA PIPE RELOCATION ENG	-	6,123	15,000	8,877	40.82%
2011 SYS IMPROVE-CONSTRUCTION	-	627,878	561,250	(66,628)	111.87%
COUNTY OF ORANGE PAVING PROJ.	-	28,295	56,250	27,955	50.30%
BAJA PIPE RELOCATION CONST	-	7,285	25,000	17,715	29.14%
TOTAL CAPITAL PROJECT EXPENSES	1,907	772,628	824,000	51,372	93.77%
NET CAPITAL PROJECTS INCOME (LOSS)	50,411	(358,648)	-	(358,648)	

CAPITAL PROJECTS

EAST ORANGE COUNTY WATER DISTRICT

FOR RETAIL

FOR PERIOD ENDED

June 30, 2012

Preliminary Report

REVENUE

DESCRIPTION	MONTHLY ACTUAL REVENUE	YTD ACTUAL REVENUE	ANNUAL 2011-12 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET
FUNDS PROVIDED BY RESERVE	-	-	408,500	(408,500)	0.00%
WATER SALES-CAPITAL PROJECTS	35,543.00	213,508.00	215,000.00	(1,492.00)	99.31%
INTEREST-MORGAN STANLEY- CAP	-	1.05	25.00	(23.95)	4.20%
INTEREST-LAIF- CAP	108.10	456.84	425.00	31.84	107.49%
INTEREST-DWR MM- CAP	0.10	13.66	50.00	(36.34)	27.32%
TRANSFER FROM OPERATIONS	16,666.66	200,000.00	200,000.00	-	100.00%
FUNDS BORROWED FROM WHOLESALE ZONE			-	-	0.00%
I-BANK LOAN			-	-	0.00%
TOTAL CAPITAL PROJECT REVENUE	52,317.86	413,979.55	824,000.00	(410,020.45)	50.24%

DESCRIPTION	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2011-12 BUDGET	BUDGET \$ (OVER) UNDER	PERCENT OF BUDGET
BETTERMENT & REPLACEMENT PLAN	1,607.50	5,761.36	70,000.00	64,238.64	8.23%
BETTERMENT & REPLACEMENT PLAN LABOR	-	229.55	1,250.00	1,020.45	18.36%
UWMP UPDATE	-	-	-	-	0.00%
UWMP UPDATE LABOR	-	-	-	-	0.00%
2011 SYS IMPROVE-ENG/INSPECT/ADMIN	299.00	96,529.62	94,000.00	(2,529.62)	102.69%
2011 SYS IMPROVE-ENG/INSPECT/ADMIN LABOR	-	526.05	1,250.00	723.95	42.08%
BAJA PIPE RELOCATION ENG	-	2,300.83	13,000.00	10,699.17	17.70%
BAJA PIPE RELOCATION ENG LABOR	-	3,822.32	2,000.00	(1,822.32)	191.12%
2011 SYS IMPROVE-CONSTRUCTION	-	610,650.50	560,000.00	(50,650.50)	109.04%
2011 SYS IMPROVE-CONSTRUCTION LABOR	-	17,227.13	1,250.00	(15,977.13)	1378.17%
COUNTY OF ORANGE PAVING PROJ.	-	27,812.64	55,000.00	27,187.36	50.57%
COUNTY OF ORANGE PAVING PROJ. LABOR	-	482.68	1,250.00	767.32	38.61%
BAJA PIPE RELOCATION CONST	-	1,192.41	23,000.00	21,807.59	5.18%
BAJA PIPE RELOCATION CONST LABOR	-	6,092.46	2,000.00	(4,092.46)	304.62%
TOTAL CAPITAL PROJECT EXPENSES	1,906.50	772,627.55	824,000.00	51,372.45	93.77%
NET CAPITAL PROJECTS INCOME (LOSS)	50,411.36	(358,648.00)	-	(358,648.00)	

Retail Zone

<u>Account Number</u>	<u>Account Name</u>	<u>Income(I) Expense (E)</u>	<u>Amount</u>	<u>Percent Received/ Spent</u>	<u>Comments</u>
<u>June 2012</u>					
<u>New</u>					
5633-0002-2	Office Supply/Furn/Small Equip	E	5,868.28	130.41%	Shredding of archived records (\$152.50), New printer to replace Denise's printer (\$457.94), Toner for Office Printers (\$86.17) Software Upgrade for Accounting Software (\$500.00) and envelopes for billing and general office use (\$741.34).
<u>Ongoing</u>					
4900-0002-2	Miscellaneous Income	I	3,675.42	735.08%	This is payment received for an unpaid water bill from a previous year. April's had income of \$3,369.79 for Scrap Metal along with the rent and Wholesale billing income.
5130-0070-2	Water Purchased	E	625,571.69	173.19%	This amount include the \$161,771.72 for water that was bought as In-Lieu water. The credit for the In-Lieu water is in account 5141-0002-2. If you combine the two accounts we are under budget for water purchased.
5313-0002-2	Small Tools	E	5,731.87	229.27%	Includes leak detection & pipe location equipment purchased in May.
5480-0070-2	Payroll Taxes- SUI & ETT	E	848.07	237.55%	Non-Salary Employees received a raise on July 1, 2011 and 2 part time employees were added to staff.
5486-0002-2	Uniforms- Maintenance	E	2,856.93	185.51%	Replacement of field employee's boots
5618-0031-2	Dues & Membership- AWWA	E	206.50	118.00%	There was an increase in the Dues for the 2011/12 fiscal year & the split between Wholesale & Retail was corrected to be a 50/50 split. The Budget was set up with a 55/45 split.

Retail Zone

<u>Account Number</u>	<u>Account Name</u>	<u>Income(I) Expense (E)</u>	<u>Amount</u>	<u>Percent Received/ Spent</u>	<u>Comments</u>
5618-0037-2	Dues & Membership- ISDOC/URBAN Wtr	E	907.24	129.61%	Includes the 2012 CA Urban Water Conservation Council Membership. In April we will move \$153.62 to Prepaid Expenses for the 2012/13 Fiscal Year.
5641-0002-2	Tax Collection Fees	E	3,366.58	164.22%	
5642-0002-2	Computer Billing	E	4,487.70	112.19%	Pre-purchase of billing forms
5645-0002-2	Legal	E	35,697.29	198.32%	Overage related to OPA wells MND issue.
5650-0050-2	Insurance- Auto & General Liability	E	6,154.27	153.86%	The split between Wholesale & Retail was corrected to be the same as the last years asset split (59/41). Budget was set up with a 77/24 split.

END



MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: ACCOUNTS TO BE WRITTEN OFF AT JUNE 30, 2012
DATE: AUGUST 10, 2012

Background

Each year, there are a small number of customers who fail to pay their final bill, despite our attempts to locate/contact them and collect the funds. After 60 days delinquency, their accounts are turned over to a collection agency, the collection agency typically spends six months trying to collect the debt; if they are unable to recover the funds, we write-off the amount.

Attached is a table, "Accounts to be Written-Off, June 30, 2012," showing this year's uncollectable accounts that we are requesting the Board to approve as write-offs. This means that these amounts will be removed from our Accounts Receivable listing in order to fairly represent our assets and liabilities; however, if these funds are ultimately recovered by the collection agency, they will be shown as Prior Years' Income on our financial statements.

For the fiscal year that ended June 30, 2012, the total amount to be written off \$2,356.77. Of this amount, \$1,308.94 (seven accounts) has been at the Collection Agency for at least four months. The balance of \$1,047.83 will be turned over to the Collection Agency this month.

The table below shows how this compares to recent historical write-offs. There are actually less accounts to be written-off than the prior year, however with increased water rates, the total amount is higher:

<u>Year</u>	<u>Account Write-Off Amount</u>
2011/2012	\$2,356.77
2010/2011	\$2,296.14
2009/2010	\$1,532.51
2008/2009	\$4,295.21
2007/2008	\$ 918.15
2006/2007	\$2,501.48
2005/2006	\$1,348.64

This write-off information was not prepared in time for the July 17th Finance Committee Meeting, so the Committee Members have not had an opportunity to formally review this information. Most of these amounts are owed by tenants of the property owner; the Finance Committee is reviewing changes to the RZ Rules and Regulations that would allow the District to collect a deposit that could be used to settle final accounts and reduce our accounts to be written-off significantly.

Recommendation

The Board approve the "Accounts to be Written Off as of June 30, 2012," in the amount of \$2,356.77.

END